No. 29,973

Monday July 7 1986

**EUROPE'S BUSINESS NEWSPAPER** 

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# **Polling** heavy in Japanese election

World news

Japanese voters turned out in large

munbers for yesterday's general election, suggesting that Prime Minister, Yasuhiro Nakasone could be heading for a big victory.

Two hours before polling booths were due to close, the Home Affairs Ministry reported that voter turnout was heavier than in 1980, when the ruling Liberal Democratic Party. the ruling Liberal Democratic Party (LDP) had a landslide.

Analysis say a large turnout usually benefits the LDP because day's meeting of the West German the party can count on the support of increasingly conservative float-ing voters normally not politically active. Nakasone is gambling his political future on the elections to restore the majority his party lost in 1983, Page 2

#### Kremlin visitor

French President François Mitterrand begins three days of in-depth talks with Soviet leader Mikhail Gorbachov in Moscow today following his New York meeting with President Reagan, Page 2

#### EEC cash crisis

EEC finance ministers meet in Brussels today to seek a way out of the Community's worst cash crisis, caused when the European Court declared the 1986 budget illegal,

#### Nuclear probe

A team of American scientists arrived in the Soviet Union after apparently winning permission to monitor its main underground nu-clear test site for the first time.

#### Anger at Nicaragua

The Pope, who is visiting Colombia, launched a bitter attack on Nicaragua's left-wing government because of its expulsion of the conservative Bishop Pablo Antonia Vega.

#### Mexican poll

the right wing opposition convinced of victory despite what it called government efforts to rig the poll.

#### Zambla alert

Zambia is on the alert for an attack by South Africa after four captured South Africans confessed they were on a reconnaissance mission for Pretoria, President Kenneth Kaun-

#### Israeli spy case

Israeli Police Minister Chaim Bar-Lev broke the silence surrounding an espionage case and confirmed that an Israeli officer is on trial ac-

## cused of spying for Syria.

**Fatal Paris fire** Five people were killed when a fire set off hy a gas explosion engulfed a building in the Paris garment dis-

**F** 

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وَ عَ

Final farewell Relatives of two Australian drug traffickers due to be hanged at dawn today in Malaysia left in tears

after spending a seven-hour final visit inside jail. Caricature goes Iranian authorities have painted

out a caricature of Mrs Margaret

Thatcher, the British Prime Minis-

## old British Embassy.

Treasure 'stolen' Indonesia says an 18th century sunken ship's treasure auctioned in

Amsterdam recently was stolen from its territorial waters.

#### Becker wins

Boris Becker of West Germany won his second successive singles tennis title at Wimbledon, beating Ivan

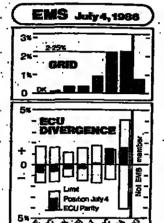
#### Lendi 6-4, 6-3, 7-5. Mansell first

Briton Nigel Mansell won the French Grand Prix at Le Castellet.

Crossword ......23

# Business summary China devalues to boost trade

CHINA has devalued its currency by 15.8 per cent in an attempt to improve its trade performance. Page 2 EUROPEAN Monetary System: Most currencies traded quietly in the EMS last week. Activity slowed ahead of Friday's closure of US centres and yesterday's elections in Japan. Trading levels were also sub-dued as the market awaited Thurs-



Bundesbank central council. How ever, micrest rates were left un-changed. The Italian lira and French franc were placed close to-gether as the two strongest currencies, while the Danish krone and Belgian franc were weakest.

The chart shows the two constraints The chart shows the two constraints on European Monetary System exchange rates. The upper grid, based on the weakest currency in the system, defines the cross rates from which no currency (except the lira) may move more than 24 per cent. The lower chart gives each currency's divergence from its "central rate" against the European Currency, Unit (ECI), tiself n basket of Est.

Voting began for leadership of Chi-huahua, Mexico's largest state, with down at 17,595.36 in Saturday's down at 17,595.36 in Saturday's half-day session. Leading share prices. Page 29

> CITY OF LONDON'S Securities and Investment Board membership is likely to be revised before the end of the month. Page 5

GREENWELL MONTAGU, the UK stockbroking firm which is part of the Midland Bank Group, is to terminate its agency role and will act only as principal in respect of institutional business in UK equities after the City of London's Big Bang. Page 5

SECURITISATION of credit to UK companies, whereby borrowers is-sue marketable securities instead of obtaining interest-bearing cash from banks, is moving ahead rapidly, according to a Lloyds Bank ad-viser. Page 5

UK GOVERNMENT'S favoured way of introducing profit-sharing into pay packets has been dealt a severe blow with its overwhelming rejection by employers. Page 5

WEST GERMAN fears of job losses could prove an obstacle to its participation in the big telecommunications venture proposed by CGE, the French state-owned group, and IIT of the US. Page 16

AT&T, the US telecommunications group, is planning to open the first overseas subsidiary of its Bell Laboratories research unit in Japan this

ter, which dominated the wall of the NEC, the Japanese electronics maker, and its group companies reg-istered a 59.5 per cent slide in net

HOLTZBRINCK, West Germany's second higgest publishing group, has offered to buy Scientific Ameri-can, the US publisher of the science

magazine, for \$52.6m. Page 14 HORTEN, the big West German de-

partment store group, has slipped thorities.

into the red with a net loss of DM. The exist 84.4m (\$38.5m) last year. Page 15

WINDSMOOR, the UK fashion bouse, is offering for sale today 6.6m shares at 196p, valuing the company at £23.3m (\$35.8m).

# Howe's mission to South Africa put in jeopardy

SIR GEOFFREY HOWE, the Brit. South Africa to meet him. isb Foreign Secretary, may have to postpone or cancel at least the first of his two planned missions to South Africa this month on behalf of the European Community be-cause President P. W. Botha of South Africa does not want to receive him at this time.

For the moment, the British Government is closing its eyes to what is already interpreted in both Brit-ish political circles and other EEC countries as a major diplomatic snub. However, the Government is insisting that it is only a question of timing and that President Botha had not objected in principle to the visit, which is due to take place this

President Roths is understood to have indicated to the British Government that a meeting with Sir Geoffrey at this stage is "inconve-nient" and that neither he nor Mr Pik Botha, his Foreign Minister, would be able to see the Foreign Secretary this week. Officials in Pretoria said the President's scheduie was already full.

The obstacles put in the way of Sir Geoffrey's mission by the South African Government are com-

BY: LIONEL BARBER IN LONDON

volved could run into several milli-

carried search warrants.

The Customs investigation has taken the industry aback because it

Reed Corrugated Cases, the UK centres on events between 12 and market leader and subsidiary of 18 months ago when the price of

tainers; UK corrugated, the three-way joint venture between the Irish group Jefferson Smurfit, Macmillan An EEC Council regulation dat-

way joint venture between the Irish group Jefferson Smurfit, Macmillan Bloedel of Canada and Assi of Sweden; and St Regis Holdings, bought last April for £72m by David S. Smith, the last-growing UK packsing company.

An EEC Council regulation daring back to March 1983 imposed a definitive anti-dumping duty on kraftliner paper and board originating in the US, the dominant world supplier. Undertakings were also sought – and given – by kraftliner

Reed International; Bowater Con- kraftliner dropped dran

Both Anglican Bishop Desmond Tuto and Dr Allan Boesak, President of the World Alliance of Re-formed Churches, have said that they would coldshoulder Sir Geoffrey in protest at what they see as the stalling tactics employed by the

UK Government on economic sanctions against South Africa.
Intensive diplomatic contacts are continuing to find other dates for the Foreign Secretary's visit which would suit President Botha. But as far as Sir Geofrey is concerned, the "windows" for an alternative trip are very few and the South African Government must be aware of this through their Ambassador in Lon-don, Dr Dennis Worrall.

The Foreign Secretary, who was expected to leave on Tuesday even-ing after attending a meeting of the European parliament in Strasbourg, must be back in London next Saturday for the important official visit to Britain on July 14 and 15 of Mr Eduard Shevardnadze, his Soviet opposite number.

The second leg of Sir Geoffrey's mission to South Africa was tenta-tively scheduled for the last week of this month, just before the Compounded by the refusal of most monwealth mini-summit in London black anti-apartheid leaders in on August 2 to August 4, at which

**UK Customs investigates** 

packaging industry duties

BRITISH Customs & Excise is in-full co-operation. Senior executives The regulation reaffirmed a 7 per

Mr Michael Howard, director of

sanctions against South Africa will be the major topic of discussion. It is therefore difficult to see how the Foreign Secretary will be able to fit in two visits to South Africa before then if, as expected his first trip is

One of the biggest stumbling blocks to Sir Geoffrey's mission from the South African point of view appears to be the mandate that be has been given by the EEC governments. After the failure of the Commonwealth Eminent Per-sons Group (EPG) to find a formula for bringing about a peaceful solu-tion of racial and political strife in South Africa, the Foreign Secretary has stressed that he is not going on just another "fact-finding mission." As current President of the EECs Council of Ministers, be would be going to South Africa with the full authority of the member of the 12 member states to try to create the conditions for a genuine dialogue between the Pretoria authorities and the country's black leaders. Sir Geoffrey has also made it clear that, like the EPG, he would be seeking the release of Mr Nelson

Continued on Page 14 Ready for sanctions; Buthelezi attacks ANC strategy, Page 2

# Marcos aide sets up rebel 'government'

BY SAMUEL SENOREN IN MANILA

A BID by Philippines' opposition leader Mr Arturo Tolentino to set up a rebel government ended, when troops supporting him surrendered to government forces at dawn without firing a shot. The surrender came after crack marine units had surrounded the rebels' headquarters in the Manila Hotel.

More than 300 rebel troops filed out of the hotel and were escorted to the navy beadquarters less than a mile away, ending the rebel gov-ernment which Mr Tolentino, who proclaimed himself acting president, set up 12 hours earlier

The rebel forces decided to give up peacefully after reinforcements which they had expected to come from the northern Philippines, the home region of deposed President Ferdinand Marcos, failed to arrive. After the surrender, government forces sent a dozen light tanks to the Manila Hotel in a show or force to arrest Mr Tolentino and his key

Mr Arturo Tolentino, the deposed president's vice-presidential run-ning mate in the February elections, took his oath as vice-president at a rally attended by thou-sands of supporters loyal to Mr

He then installed himself in the government-owned luxury Manila Hotel, backed by about 200 armed troops and marines, and issued a challenge to President Corazon Aq-

Mr Tolentino, a 75 year-old lawyer picked by Mr Marcos as his runring mate in a vain attempt to res-tore some credibility to his cam-paign, was joined by half a dozen generals and scores of politicians including Mr Ali Dimaporo, a former governor from Mindanao with

a 3,000-strong private army.

By nightfall, bowever, Mr Tolentino's claim of support from two key figures in the Philippines military who would have proved decisive in a challenge to Mrs Aquino proved bollon.

restigating suspected evasion of representing either the parent company or the individual company or the individual company or the individual company or into the EEC and a minimum intervention price of \$333 a tonne. No producer was expected to sell below that they had not infringed EEC reproducer was expected to sell below that price. General Fidel Ramos, the Chief of Staff and Mr Juan Ponce Enrile, the Defence Minister, both of whom volved could run into several milli-on pounds.

Over the past 10 weeks, Customs

Association, and all but two of the

Association, and all but two of the

EEC at well below the intervention led the civilian-backed army revolt against Mr Marcos, repudiated the rebels.
Mr Tolentino had named both

paper and box manufacturers. In a questioned by Customs. It is stagnous price, sometimes as low as \$260 or \$270 a tonne, one snap raid in mid-April, officials her anything grite like 4.5.

It is unclear; however whether rile thanked Mr Tolentino for the forces to join h purchasers of kraftliner all paid the

new job, he said. General Ramos was at Mrs Aquino's side in Mindanao and reaf- for our people under the principle

ity. Mrs Aquino said she would order bly.



the Minister of Justice and the So licitor General immediately to file charges against Mr Tolentino and his advisers for seditioo. Under the old constitution which Mrs Aquino abolished, sedition was punishable with death,

Mr Joker Arroyo, Mrs Aquino's executive secretary dismissed the loyalists seizure of the hotel earlier this afternoon as "nothing to worry

But with no Aquino troops on the streets and a navy gunboat an-chored in Manila Bay in support of the Marcos forces, Aquino support ers in the capital feared that her government might still face a serious threat.

The troops and marines ringing the Manila Hotel - beadquarters of General Douglas MacArthur before the Japanese invasion in World War Two - were armed with M16s and heavy machine guns. They had no armour but claimed

that pro-Marcos tank units were rumbling towards the capital from the north, the Mercos stronghold. Among the six generals who rallied behind Tolentino today, four are on the active list and two among those pensioned off by the Aquino gov

Pro-Marcos officers broadcast radio appeals for support, while gov-ernment television relayed a message from General Ramos in Mindanao denying that he and Mr En-rile were backing Mr Tolentino.

From the Manila Hotel where he Mr Tolentino had named both was holed up. Mr Tolentino apmen in his rebel cabinet. Mr Enpealed to the nation and the armed offer, but I am not looking for a constitution which Mrs Aquino discarded after taking power. "I seek only unity and progress

firmed his support for her.

Mrs Aquino's administration was at pains to appear calm in the face of this latest challenge to its author-Yniguez, to reconvene the assem-

# Bulldogs provide preview of London's Big Bang By Nick Bunker and Clare Pearson in London

AT LEAST 13 London Stock Exchange member firms are poised to begin market-making in so-called Bulldog stocks today in a small-scale prelude to October's Big Bang deregulatory reforms in the City of London.

Preparations for today's charge in market practices bave been underway since March, when the ex-change's council issued two technical notices. They provided for a foretaste of the stock exchange revolution due on October 27, by allowing firms this week to start dual ca-pacity dealing in Bulldogs, and to offer investors negotiable commissions oo transactions in the stocks.

Buildogs are strictly defined as issues of sterling-denominated fixed income securities in the UK by overseas borrowers, such as foreign governments, companies or financial institutions like the European Investment Bank. More than 100 are now in issue.

Today's transition to dual capacity and negotiable commissions is designed to give exchange member firms en extra competitive edge in dealing in Bulldogs, which are widely traded off the market.

By Friday evening, 13 firms had registered as Bulldog market makregistered as Buildog market mak-ers with the exchange. They are all firms due to become primary deal-ers in the gilts market in October. Some believe this week's change will yield clues about how primary dealers will behave after Big Bang.

Dual capacity is also likely to lead to an increase in the oumber of Bulldogs issued through place-ments rather than offers for sale. The last two issues, for Portugal and the European Investment Bank, both arranged by S. G. Warburg as placements, have anticipated this.

Sovereign and state-backed issues had previously taken the offer for sale route, as they enjoyed the slimmest secondary trading commissions, since they were treated as gilt-edged stocks. This could result in lower coupon-payments, since investors could accept lower returns for increased liquidity.

Dual capacity eliminates this rea-son for the offer-for-sale where upfront costs are higher than for plac

In the case of the £90m (\$139m) issue for European Investment Bank, S. G. Warburg purchased the entire deal itself and it was later placed by Rowe and Pitman, Warhurg's broking arm.

Lex, Page 14; Capital markets, Section II

# aging company. All four companies confirmed last week that Customs officials had visited their premises but without carrying search warrants. They described the visits as courtesy calls **British Cabinet to study radical** plan for improving inner cities

BY OUR INDUSTRIAL STAFF IN LONDON

Ridley, Environment Secretary.

Merseyside and the West Midlands, where the scale of urban dereliction - the Government. The existing development corpor-

sury and from local authorities obic control over the areas.

Treasury opposition is again like- and apply for UDC status. ly as eight more UDCs could add If the Cabinet backs the idea the

LARGE areas of dereliction in eight around £400m (5618m) a year to new corporations could be set up of Britain's big cities would be tak-en out of local authority control and ministers including Mrs Margaret der the legislation which created have hundreds of millions of Thatcher, the Prime Minister, are the bodies in London and Mersey-

The proposal is to repeat the experiment of the London and Merseyside Docklands Development already started talks with comparations, set up in 1981. The new Urban Development Corporations would be in areas of Douglas in an attempt to form a north-east and north-west England Merseyside and the West England development corporations contributed and the West England development corporation to form a development corporation on the eight new UDC, is Government's perliamentary programme) in the autumn.

The existing corporations cost the eight new Corporations of the eight new UDC, is Government's perliamentary programme) in the autumn.

The existing corporations cost the exchict eight new Corporations cost the existing corporations cost the

ations were established in the face be known quietly that they would of fierce opposition from the Tree- welcome such a large-scale injection of cash in their worst areas and jecting to the loss of their democrat- the Government is considering inviting councils to nominate sites

pounds pumped into them in a radinow anxious to see some dramatic side. If a different format was cal proposal to be put to the UK activity to imporve the state of Britadopted which required new legislation this would be included in the But Birmingham, one of the eight next Queen's speech (outlining the

anti-dumping duty to Customs.

One sales director of a major

Swedish producer of kraftliner ex-plained: "In theory no one was sup-

posed to sell below \$333 a tonne and

so the question never arose of evad-

The Customs investigation coincides with an EEC Commission re-

view of the anti-dumping legislation

to establish whether it is working

effectively. Many kraftliner suppli-ers and users, backed by other pa-per manufacturers, argue that the

legislation is undesirable because it

ing Customs duties."

development company to head off largest derelict site - eight square miles of dockland - and has secured has proved too great for local an
Other local opposition may be more than £1bn of private investmore muted than in 1981. Some La-hour-controlled councils have let it homes with estates for 5,000 homes under construction.

· The new corporations would be much smaller, although none is likely to be under 200 acres. Local councils lose all their con-

**Continued on Page 14** 

THE WILLAT WIE RIE GUT OUT TOTEL NAME. COMPANY. Send for the Clwyd fact pack

Clwyd is a county built on success as over 200 new, growing companies can testify. The benefits we can offer include an unbeatable financial package (cheap loans, cash grants, rent concessions, factories from only £1.50 per sq ft etc), an Enterprise Zone, technology park, green field sites and fully serviced land.

For further information contact The Clwyd Industry Team, Clwyd County Council, Shire Hall, Mold,

Clwyd CH7 6NB Tel. 0352-2121



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Israel: inflation brought EEC: Britain still tugging at Management: ancient wis- Lombard: industry's run of Poland: changing just to stay Lex: bulldogs; newspapers; 

Editorial comment: privat- West German banking:

isation; bourses ....... 12 Survey ...... Section III

\*

500 MINUAL MERCENTAGE CHANGE

1981 82 83 84 85 86

Since then the index bas etabi-

since then the index bas etabilised at hetween 1 and 1.5 percent, putting Israel on course
for a 1986 full-year figure of
21.4 per cent—its best for over
a decade. Price controls have
been gradually eased over the
past few months, with no discertible impact on the Index-

cernible impact on the Index and, according to Mr Neuhach, they will be lifted totally by October, except in those areas

where the Government has tra-ditionally administered prices.

Israel's coffers have, meanwhile, climbed back to a healthier

level, boosted by \$1.13bn (£7,400m) of the \$1.5hn in emergency assistance promised by the US (conceded in return for economic reforms which

Net reservae in the Bank of

400-

300~

ISRAEL'S emargency economic

programme has, in some ways, heen a greater success than even

its etrongest advocates dared bope when it was launched 12

months ago.

In the months leading up to last July the consumer price

index was rising by a monthly average of 15.5 per cent, an annualised rate of 446 per cent.

Disposable foreign exchange reserves at the balfway point

in 1985 were down to e perilous \$1.7bn to \$1.8bn (£1.1-1.17bn),

enough for less than three

Worse, says Mr Amnon Neu-

bacb, economic edviser to Prime Minister Shimon Peres, was the

loss of public faith in the ability of the quarrelling coalition Government — indeed, any democretic Government — to

master the turbulent economic environment. As theory and reality in the marketplace steadily parted company, there

were worrying calls for an euthoritarian Government with

a strongman like Mr Ariel Sharon, the former Defence Minister, to take over.

But, to everyone's surprise.

the comprehensive package of measures—many of them unprecedently tough for Israel—announced by Mr Peres on July 1 took hold. With the help

of e partial wages and prices freeze, a key psychological barrier was shattered and infla-

Price risea averaged only two

tion dropped like a stone.

months' imports.

agers Ltd (a)

# S. Africa says it is ready for sanctions

BY JOHN STEWART IN JOHANNESBURG

THE South African Government Mr Ian Sims, chairman of BP appears to believe that international sanctions are inevitable man, chief executive of Recent remarks by Mr Pik Southern Life Insurance: Mr Botha, the Foreign Minister, Gordon Waddell, chairman of Pik Southern Life Insurance: Mr Botha, the Foreign Minister, Gordon Waddell, chairman of Tables Courses Recent remarka by Mr Pik Botha, the Foreign Minlster, indicate that the Government Johannesburg Consolidated may no longer even consider Investments; and Mr Dorian Wharton-Hood, managing director of Prudential Assurance of

In a speech on Thursday in the Eestern Trensvaal colliery town of Wilbank, he virtually invited internetional action. He told members of the ruling National Party: "Don't let them (sanctions) make you effeid. The quicker they come, the better, because we will show the world we will not be made soft."

The speech, which clearly expressed an official position, suggests that the Government not only believes thet sanctions would not be effective but that they might even hring short-term relief to the present

economic recession.
On the other bend, Pretoria's apparent rejection of mediation and negotiation as a meens to end violence and establish a new order has caused alarm in the business community.

Eight of South Africe's lead-log businessmen. who control assets worth an estimeted £9bn, have appealed to President P. W. Botha to release Mr Nelson Mendels the trilled P. W. Botha to release Mr national embargo imposed after Nelson Mendela, the jailed leader of the banned African National Congress, end to lift the ban on the organisation and other outlawed black nationalist century.

South Africa. Meanwhile, a new study by one of the country's most re-spected research inetitutions says that trade senctions would put more than 1m South Africans out of work. The study, by the University of South Africa's Bureau of

Market Research, indicates that 84 per cent of the estimated number of jobless would be black. It says that conserve-tively about 1.7m blacks are already unemployed or under-employed. If a further 600,000 were to lose their jobs as o result of trade embargoes, about 32 per cent of economically active blacks would be ont of

work.
The researchers say that the study provides incontrovertible evidence that sanctions will not result in en import-replocement investment hoom, such as the one which tided Rhodesie over the worst effects of the inter-national embargo imposed after UDL Rhodesia'a hoom was, in century.

movements.

The businessmen are: Mr
Gavin Relly, chairman of AngloAmerican Corporation; Mr
Tony Bloom, chairman of the
Tony Bloom, chairman of the ceys it would be impossible for Tony Bloom, chairman of the Premier Group; Mr Raymond South Africe to hreak out of Ackerman cheirman of Pick 'n' Pay; Mr John Wilson, executive chairman of Shell South Africe; capital inflows,

# Buthelezi attacks ANC strategy

BY ANTHONY ROBINSON IN ULUNDI

THE SPLIT in black politics between the African Netional Congress (ANC) in exile and the Zulu-dominated Inkatha was the Chief said. underlined over the weekend at the Inkatha annual conference in the Kwazulu homeland

riotetied in Parks.

end undemocratic strategy of violence" and called on President P. Wil Botha to use the forthcoming National Party Congress in Durban as "an historic opportunity" to start only decisions which are provided the bad the mandate in do so.

But he warned: "I will not go to a table to ratify whites-only decisions which are provided the bad the mandate in the provided the bad the bad the mandate in the provided the bad t black/white negotietions.

One of the main functions of black majority... or to huy the National Perty's extratilme and remove pressure ordinary Congress to be held in from the President to bring Durhan on August 12-13 will be about real change." to flush out President Botha's proposal to create a "national statutory council" in which hlacks will he invited to participate "in the planning and preparetion of a constitutional dispensation which provides for the participation of oil South Africans in the process of government."

dent P. W. Botha to use the Chief Buthelezi told repre-sentatives of the 1.3m-strong Inkatha movement that "he was prepared to look very care-

would "not touch the councit South A with a barge-pole" until the negotiate atate of emergency was lifted and until Mr Nelson Mendela, jailed ANC leader, was released end the ANC unbanned and offered participation in the

"If Mr Mandela is not free to eccept or reject it, I will not be free to accept or reject It,"

At a subsequent Press con-ference, however, Chief Buthelezi said thet, if an unbanned ANC declined to parcapital of Ulundi.

Chief Mangosuthu Buthelezi unbanned ANC declined to participate in the proposed council, ridiculed the ANC's "unrealistic he would feel free to take part, he would feel free to take part, and the mandate in

against the Interests of the

Chief Buthelezi devoted much of his keynote speech to oltacking the ANC in exile, which, he warned, "is heginning to produce a situation of runaway violence, which runaway neither they nor anyone else can direct or control . . . They are busy meking South Africa not ungovernable for the National Party but un-governable for any govern-

Chief Buthelezi, who is an fully " at the President's proposed councit, hut required e
mandate from them before he
would perticipate or not.

He also made clear that he
would "not would be accurated to some the councit of the council of the Africa is ready to

> The exiled leadership, he said, "has never been manusicular by black South Africa to plant bomüs in Wimpy bars or farm

# Mitterrand to stress French independence on Soviet trip

BY DAVID HOUSEGO IN PARIS

Mr Mitterrand is to have three rounds of discussions with Mr Mikhail Gorbachev, the Soviet leader. These will focus that France is not reedy to make cuts in its strategic forcee as part of any agreement that might emerge between the Soviet Union and the US. weight than Mr Mitterrand's cause it helps President Mitter-

PRESIDENT MITTERRAND, or Mr Gorbachev's to Paris laet who returned from the US on year because "cohehitation" Friday, flics to Moscow today has limited the powers of the for a four-day visit to the Soviet French President to negotiete.

Though Mr Mitterrand will discuss bitateral economic issues—in particular the French feel that Moscow has not been Soviet leader. These will focus placing enough capital goods on eest-west issues including the Soviet proposala on disarmational ordere to offset French purment. Mr Mitterrand will insist chases of Soviet oil and gashe does not have the power to make trade commitments that would bind the administration of Mr Jacques Chirac.

The visit nonetheless remains visit, however, has less important in domestic terms be

# Chinese devalue currency by 15.8%

By Robert Thomson In Peking

improve the country's poor

prised that the devaluation has been so long in coming, bearing in mind that Govern-

devaluation is a "necessary and normal business Step." and was needed to encourage exports and "balance foreign income and outlay," the official news agency, Xinhua,

official news agency, Xinhua, reported.
China last year recorded a deficit of \$14.9bn (£9.7bn), according to the Customs Ministry, forcing the Government to restrict imports and further stimulate the export sector this year in o bid to erase the deficil, which, for some Chinese, is a sign that the country is becoming exploited by its trading partners.

partners.
While the import restric-While the import restrictions have been crude if effective, the lifting of export income, needed to bankroll purchases of foreign technology and expertise for modernisation, has been hindered by the oll price alump and by the enduring backwardness of the country's export industries.

Diplomats say the Government cares little if consumers complain about the lacreased

the market in the past year with increases in import duties. The few foreign cars allowed entry are subject to various duties and taxes totaling atmost 300 per cent.

# High Japanese poll turnout may

Japanese voters went to the polls yesterday to decide whether Prime Minister Yasuhiro Nakasone's conservative ruling party would solidify its control of the dlet (parliament), AP re-

Ballot counting is due to start today. The large voter turnout was seen as favour-eble for Mr Nakasone's probusiness, pro Western Liberal Democratte Party, which has led the Government since 1955, as well as Mr Nakasone's own political

group, to maintain majority in the House.

A strong LDP chowing—forecast by Japanese media polls—is likely to boost Mr. Nakasone'e standing within the party and possibly open to way for e revision of party rules that would end his forr-year tenure as party president in October. Under the Japanese system, the the Japanese system, the leader of the majority party in the Diet becomes Prime

fiatly denied interest in a third term two-year term. His critics have accused him of scheming to extend his hold on the Prime Minister's

The Chinese Government has met the expectations of diplo-mats and fdreign bankers by devaluing the Chinese cur-rency, the renminbl yuan, hy 15.8 per cent in an attempt to

Observers here are sur-

ment action to reduce a politically-sensitive trade deficit and lift export earnings has been of limited use. The Governor of the People's Bank of China, Chen Muhua, said on Saturday that devaluation is a "necessary

cost of imported goods with develuation, as it has been at-tempting to price them out of

The Government has been gradually devaluing the remninbi yean for the past year, with the dollar rising to a record rate of 3.2 yuan, de-spite the slump in its value in recent months.
With devaluation, the rate

is now 3.7 years to the dollar, while there are now 23 years to every 1,000 year. The fall against the yen in the past year has been particularly large. In December, there were 15.6 yuan to 1,000 yen, and before the devaluation, there were 19.7 yuan.

# help Nakasone

cally produced cars rose faster than sales of imported cars in June for the first time in many that attractive domestic car sales incentives and the impect ports from Tokyo.

of the weeker dollar on imported cer prices is starting to stem the steadily growing penetration of US car imports in the world's lergest car mar-Domesticelly produced car sales rose 8.8 per cent in June compered with a year ago and light truck salas rose 3 per cent. The annual aelling rate for domestically produced cars was ing its sales by 21.1 per cent bonuses took effect yesterday The turnout was 65.97 per 8.1m in June compered with

cent, according to a report by the Home Affairs Mini-stry just before the polls elosed. This was slightly lower than the 66.95 per cent recorded in 1980 when Mr Nakasone'e Liberal Democratle Party (LDP) scored a landslide victory. The LDP lost its ontright parliamentary majority in the 1983 poll, when the voter turnout was only 62.48

per cent. Since that setback the LDP has needed a coali-tion with the New Liberal Club, a conservative splinter maintain a

Mr Nakasone, 68, has not

CANADA'S Prime Minister Mr Brian Mulroney has taken an important step towards repair-mande at the time for epecial

Mulroney starts Quebec talks

ing relations between English speeking Canada and the pre-dominantly Francophone pro-dominantly Francophone pro-Mr Levesque stepped down as Premier last year and his party, the Parti Quebecois, was de-feated by the Liberals led by Mr Robert Bourassa in electiona held last December. Separatist for Quebec to join the main-stream of Canadian politics has improved in the past few yeers, fervour in the province has fizzled out in the past five years as Quebec politics has increasingly concentrated on economic and social issues.

Quebec'e adherence to the Former Quebce Premier Mr constitution would be a triumph René Levesque, who led the pro- for both Mr Mulroney and Mr blocks in the negotiations will vince's bid for political auton- Bourassa. The decision to press be the need to secure the agreeomy in the 1970s, refused to ahead with negotiations partly ments of the other provinces to sign the constitution after it reflects both leaders' wish to any proposed changes in the was repatriated from Britain in strengthen political support in constitution.

the province. Mr Mulroney's Conservative Party won 58 of 75 Quebec seets in the 1984 general election, but its support has slipped badly since, according to recent opinion polls.

Mr Bourassa has already laid down several conditions for approving the constitution, none of which is now viewed as insurmountable. They include recognition of Quebec as a distinct society, more powers over immigration and tha delicate ques tion of a vetn on constitutional

Among the likely stumbling

# national product growth this year is 2.5 to 3 per cent slightly up on the 1.9 per cent recorded in 1985, but still depressingly flat in per capita Israel (and the National nity Government) heve

unity Government heve indeed been highly fortunate over the past year in the extent to which they have benefited from favourable external circumstances; the external circumstances: the collapse in oil prices and the sharp fall in the value of the dollar, to which the shekel is effectively pegged. The exchange rate against a oasket of the circumstances. of five currencies has declined by 18 per cent over

declined by 18 per cent over the 12 months.

But the limited extent to which the economy, especially export-orientated industry and egriculture, has reeponded to these beneficial factors, is giving cause for alerm.

In volume terms exports are

down in the first months of this year, eccording to e study prepared by Euroteam, a local management consultancy, which Traditional, growth-minded Labour politicians such as Mr Gad Ya'acobi, Minister of Economic Planning, agree with the Treasury shout the need for continuous budgates discipling warns ebout the dangers of renewed pressure on the halance of payments and re-serves unless the Government takee steps to stimulate exports.

But what most worries surong injection," said Dr
Emmanuel Sharon, directory year to recur," said Mr
general of the Finance Ministry.
"but we heve still not cured the disease."

"The achievements of the programme are still very fragile," added Mr Yitzhak
Moda", the former Likud finance minister responsible for stood still or declined.

Euroteam economists and Treasury officials allke is the fact that the Government still needs to make deep incomes into its own spending if it is to create the conditions for sound growth. And this is continues to resist.

# Mexico ruling party accused of poll fraud

rale of 29m was down from market to 12 per cent. Ford

Imported Japanese cars are announced that it would offer beginning to dent their com- new buyer incentives that in-

petitiveness in the US market. clude loan interest rates at 6.9

to 109,000. Strong seles of its and apply to most cars and

"America" models helped stocks by October the company

Among the major US car per cent to 9.9 per cent or cash

BY DAVID GARDNER IN CUIDAD JUAREZ, CHIHUAHUA

per cent a month between for economie reforms which August 1985 and March 1986. have not taken place). At the

MEXICO'e right-wing opposition and two broad-based "clean vote" movements yesterday denounced alleged Government lost the vote. In neighbouring attempts to rig state and muni-cipal elections in the huge northern state of Chihuahue,

even as voters started queueing to cast their hellots.

The election for the governorship of Chihuehua, which borders Texas and whose principal towns are controlled by the right-wing National Action Perty (PAN), has captured the attention of ell Mexico.

This is widely seen as a barometer of the declining credi-bility of the ruling Institutional Revolutionary Party (PRI) and wbether Mexico's de facto oneparty regime cen accommodate a clean contest in an area where the opposition has an even chence of winning.

The PRI has been in uninter-rupted power for 57 years and

SALES IN the US of domesti-

ontbs. The figures indicete

imported cars rose 6.6 per cent

vince of Quebec by formally

opening negotiations for Quebec to sign the federal constitution.

Indicating that the climate

Mr Mulroney said that the pro-vince's exclusion from the

constitution is "unfair to Canada

and unfair to Quebec."

BY WILLIAM HALL

lost the vote. In neighbouring Sonora and Nuevo Leon last year it used wholesale ballot rigging to head off challengers much weaker than PAN.

Two hours hefore the polls opened yesterday opposition denunciatious started pouring in thet the PRI hod already started some voting of its own at four election centres in Cuided Juarez, the border city where Mr Francisco Barrio, the PAN's candidate for governer, is mayor.

These allegations were impossible to confirm but they follow a series of detailed claims that the PRI has for six months been putting in place the mechanism for fraud.

US car makers increase sales

Analysts remain uncertain

about the underlying strength

of US car sales. Some believe that sales are being supported

by extremely attrective finan-cing terms and even more

generous terma will be needed

to maintain sales growth in the third quarter. However, otthers argue that higher prices for

makers, Chrysler put on the

best showing last month increas-

7.6m e year ago. Seles of low price Omni and Horizon trucks bought from dealer

in June but the annual selling boost its share of the US car said.

The state electoral laws was. reformed severely to restrict mated 2.5m population; govern-opposition ability to monitor ment retention of voters' halloting and counting, in effect credentials for its own use; and

placing all aspects of organising the reduction of voting booths the election in the hands of the PRI and its satellite parties.

the reduction of voting booths—in Juarez, for instance, from 411 to 322—to discourage voters

Austerity has had a limited success, Andrew Whitley reports from Tel Aviv

Israeli economy healthier but not cured

ISRAELI INDICATORS

1981 82 83 84 85 86

end of May the recerves stood at \$3.1bn (£2bn).

Despite the notable progress made on both of the Govern-

ment's central objectives — sharply cutting inflation and

simultaneously improving the balance of payments — this week's first anniversary of the programme brought a spate of warnings from all sides that a

long haul still lies ahead.
"In July 1985 we were able

to reduce the fever with a strong injection," said Dr Emmanuel Sharon, director-general of the Finance Ministry, "but we heve still not cured

PUBLIC SECTOR

REQUIREMENT

20 AS PERCENTAGE OF GAP

The PAN will have representatives at each voting booth but nearly all the representatives of the left wing PSUM, the other main opposition party which has been in the forefront of the clean election campaign, have been denled their credentials.

A host of other allegetions have contributed to the paipable tension surrounding yesterday's voting, marked by the presence of troops patrolling the streets, with back-up from armoured personnel carriers and dogs if necessary. These range from alleged PRI inflation of the voting register, which has jumped from 844,000 in 1983 to 1,291,000, without a comparable, increase, in the estimated 25m population; govern-

the number two car producer increased its sales by 3 per cen

In June to 179,300, while General Motors, the biggest of the US car makers, increased

its sales by 9.4 per cent to 417,292 in June.

AP adda from Detroit: Ford

has raised prices an average of

2.9 per cent—its second such increase in 10 months. It also

The cut-rate interest and

bonuses of up to \$600.

—in Juarez, for instance, from 411 to 322—to discourage voters with the long queues which had formed yesterday morning. Undoubtedly the most serious

FOREIGN

implementing the programme in its critical early months, echoing a note of warning expressed by the International Monetary Fund in its latest

continuing budgetary discipline.
"We cannot expect the miracles which were responsible for the success of the programme last

TRADE

allegations came from the two "clean vote" movements, the Democratic Electorel Movement, operating lorgely in the south of the state with a strong presence of the independent left, and the Democratic Struggle Committee which is operating here in Juarez and bolstered by out of stete personalities.

sonalities.

They claim thet PRI
"alchemists," or professional
ballot riggers, are here in force
under the direct command of
the Interior Ministry, and have
supplied the names of those
concarned, and their plan of
action, given to them, they
claim, by a dissident PRI
official.

without any formal request by
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co-ordination with the Lebanese
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mated 2.5m population; governation, given to them, they ment retention of voters' claim, by a dissident PRI credentials for its own use; and official.

## Sikh party split deepens Punjab power struggle

By K. K. Sharma In New Delhi THE TROUBLED Indian state of Punjab was threatened with further political instability over the weekend as the ruling Akali Party split irrevocably, leading to an open struggle for power between rivel factions. The Akali Party split, which first came into the open when Mr Surjit Singh Barnela, the moderate chief minister of Pun-jab, ordered police into the Golden Temple to flush out extremists on April 30, was formalised on Saturday.

A meeting of dissidents, who had broken away from Mr Barnala after the police action on April 30, on Saturday elected Mr Prakash Singh Badal, a former chief minister, as leader of whot they claimed was the real Akali Party. The dissidents asked Mr Barnala to

Mr Baruala yesterdey reacted etrongly to the split and accused the dissidents of being responsible for the death of hundreds of Sikhs and of seeking further trouble in the strife-torn state. He is expected tn ask his majority group in the Akali Party to expel the dissidents.

The open confrontation threatens the Barnala state government which is now dependent for its survival on the ongress-I Party of Mr Rajiv Gendhi, the prime minister, wbose members in the Punjab legislature are expected to keep him in power even though hi own Akali Party la now in e minority.
This will lay Mr Barnela
open to the charge by the dissi-

dents that his policies are being dictated by Mr Gandhi. Mr Barnala recently leunched a major offensive against terroriets in Punjah after Mr Gandhi complained that the law and order situation in the state was forcing Hindus to flee to

#### extend control over W. Beirut By Nora Boustany in Beirut CRACK SYRIAN special forces

**Syrians** 

extended their control over West Beirut yesterday as part of a week-old security plan aimed at pacifying Mastem areas.
The Syrian deployment is believed to have taken place without any formal request by

vide muscle to a security plan for the anarchy-ridden Moslem sector of the Lebanese capital.
Syrien officers said theoretroops, dispetched to Belrut to would he in charge of the Khalde triangle, south of Beirut —a strategic junction lioking the Shi'ite suburbs to the coastel highway—as a prelude to full control of the Beirui-

Sidon axis.
Tha Syrian re-entry into West Belrut is the first such deployment since Syrian soldiers were driven out of Beirut in August 1982. It is clearly aimed at keeping a close watch on Palestinian guerrilles in the camps couth of Beirut and at curbing exceesea by Mostem

milinias

Direct Syrian involvement is also expected to intimidate Iranian-backed Moslem fundamentalist groups, held responsible for e series of kid-nappings and a flight of embassies and foreigners from Beirut. Syria is eager to dispel its imege in the west of being linked to terrorism or unbridled fundamentalist activities in surveillance.

Syrian military observers first came to Beirut lest July to belp supervise a ceasefire ending five weeks of fighting between Palestinien guerrillas and Spirite militiamen of the Amai movement.

FINANCIAL TIMES

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Published by The Financial Times (Europe) Ltd., Frankfurt Branch, represented by E. Hugo, Frankfurt Main, and, as members of the Board of Directors, F. Barlow, R.A.F. McClean, G.T.S. Domer, M.C. Gorman, D.E.P. Palmer, London, Printer: Frankfurter-Societäts-Druckerei-GmbH, Frankfurter-Main, Responsible editor, C.F.B. Smith. Responsible editor: C.E.P. Smith, Frankfurt/Main. Guioflettstrasse 54. d009 Frankfurt am Main 1. O The Financial Times Ltd, 1986. FINANCIAL TIMES, USPS No. 190640, published daily except Sundays and holidays. U.S. subscription rates \$385.00 per annum. Second class postage paud at New York, N.Y. and al additional mailing offices. POSTMASTER: send address changes to FINANCIAL TIMES. 14 East 80th Street, New York, N.Y.

# European Commission steps up fight against air fares collusion

| Lyunur.wv

letters to Europe's major airlines urging them to end their anticipated missives have been long standing collusion on eir prompted by the inability of

The action could he the heginning of a protracted legal process aimed at achieving cheaper fares and greater com-bileteral deals between govern-sion would appear to have to the airlines will be confirmed Commission that, as one official polition on European routes, ments under which the number little option but to start the at a crucial meeling either today put it, "they will put their It could result in the Commission of passengers and revenue on legal ball rolling. Its own or tomorrow between Mr house in order." If their re-sion taking one or more EEC individual routes are divided powers to act under the Jacques Delors, the Commission sponse is not satisfactory, the

The Commiseion's widely last month to egree nn even EEC ministers would reach action after June 30 if signimodest changes to established a satiefectory political ficant political progress was practices. These include re- settlement. strictive pricing policies and

£30 (£55 ann eub. 2 adligas),

The Commission—supported particularly by the UK and the prompled by the inability of Netherlands has long been

satiefectory Now, however, the Commis-

III ya Cutrip Street

THE EUROPEAN Commission member states to the Euro-equally between the two Treaty of Rome were con-President and Mr Peter Suther-Commission will put pressure is this week poised to fire off pean Court.

THE EUROPEAN Commission member states to the Euro-equally between the two Treaty of Rome were con-President and Mr Peter Suther-Commission will put pressure is this week poised to fire off pean Court.

The European Commission member states to the Euro-equally between the two Treaty of Rome were con-President and Mr Peter Suther-Commission will put pressure is this week poised to fire off pean Court.

The European Court is the Euro-equally between the two Treaty of Rome were con-President and Mr Peter Suther-Commission will put pressure is this week poised to fire off pean Court. judgment by the European Court at the end of April—the celebrated "Nouvelles fares and cepacity sharing. Community transport mini- campaigning for deregulation Frontières case—and it sub— The message to the airlines writes. Tim Dickson in sters meeting at the end of in the air hut had hoped that sequently committed itself to will essentially be that their political ficant political progress was

not achieved. The decision to send letters Jacques Delors, the Commission sponse is not satisfactory, the

land and Mr Stanley Clinton on individual member states to Davis, respectively the EEC force compliance with the EECa commissioners for competition and transport.

The message to the airlines current practices contravene Articles 85 and 86 of the Treaty of Rome and that they have one month in which to inform the Commission that, as one official

competition rules, using the threat of action in the European Court as its ultimate sanction.

The Commission Itself, however, has been split about the pace at which European airlines should be taken to task and Mr Clinton Davis may urge a more conciliatory line.

He believes that negotiation is still possible



and a halance of Countries Diese and the Jestino Ista

# Battle looms for Argentine port contract

A LUCRATIVE \$200m port's capacity. Work on the area and through the access tag and financing of the project is expected to take almost three years until 38 feet at low tide. Large grain port at Bahia Blanca is the sub-fact of intensive last minute bargaining between the heart of Argentina's model to take almost three years until 38 feet at low tide. Large grain offered financing over a ten ships can therefore only enter to project the sub-bargaining between the heart of Argentina's wheat-growing Pampas zone, deepening the access canal having a depth of only project. The Soviet Union has fall through.

The Soviet Union is especially and is apparently propared to accept payment in grains.

The Soviet Union is especially and is apparently propared to accept payment in grains.

The Soviet Union has ships can therefore only enter the fall through.

The Soviet Union is especially and experiment in grain project. The Soviet Union has ships can therefore only enter the fall through.

The Soviet Union is especially and financing over a ten ships can therefore only enter the fall through.

The Soviet Union has ships can therefore only enter the fall through.

The Soviet Union has ships can therefore only ever period at a 6 per cent interest rate and is apparently in order to reduce its large trade deficit with Argentina.

Moscow plans to import 4.5m.

Negatives of intensive last intensive last intensive project. The Soviet Union has fall through.

The Soviet Union has ships can therefore only ever period at a 6 per cent intensive rate and is apparently in order to reduce its large.

Negative ships can therefore only ever period at a 6 per cent intensive rate and is apparently in order to reduce the ships can therefore only ever period at a 6 per cent intensive last intensive rate and is apparently in order to reduce its large.

Negative ships can therefore only ever period at a 6 per cent intensive rate and is apparently in order to reduce the ships rate and is apparently in order to reduce the ships rate and through the

to contain Argentine initial According to economic intention for the work, but rival hids are now also being the port will negative and soya beans.

According to economic specialists at Argentina's national grain board dredging the port will negative and soya beans.

intention." for the work, but rival hids are now also being the port will permit a substantial considered from Japanese and Dofth contractors according to Argentine engineers involved in the project.

The work involves the dredgening of the harbour area and a 100 km long access canal which will allow buik carriers of up to 60-70,000 tons to enter at all states of the tide anchorage space in the port reached over the final price

national grain board dredging to complain they were not invited to tender for the contract and to tender for the contract and to have closer political ties to have closer po

solidated materials from the Argentina's Minister of Public See bed.

Local dredging companies be ultimately responsible for complain they were not invited to tender for the contract and were told that all negotiations to have closer political ties to were being dealt with at a president Raul Alfonsin, but it remains to have closer whether the several manual of the project.

Argentinian imports from the Soviet Union however are still government to prover ment to be over ment to be a seen whether the next five years under a trade agreement signed in Juneary. At present market prices this is worth some \$400m.

Argentinian imports from the Soviet Union however are still less than \$100m per year and

sect of intensive last minute bargarning between the heart of Argentina's The project envisages wheat-growing Pampas zone, and is an important port of wheat competing foreign contractors.

A Soviet company, Technology for the export of wheat of sundower seeds, stroyexport, recently managed to obtain Argentine initially and is an important port of wheat of an estimated 36m cubic the resignation on Thursday of the next five years under a stroyexport, recently managed to economic see bed.

Balanca is located at and leave on favourablo tides. The project envisages the project envisages the project envisages the project envisages to despening the accept payment in grains.

Negotiations have been further complicated bowever by the resignation on Thursday of the next five years under a Argentina's Minister of Public trade agreement signed in January. At present market

Soviet Union however are still less than \$100m per year and well below Soviet expectations. The Soviet Union remains the most important market for Argentinian grains but a steady declino in Soviet purchases over the past four years bas

Frank Gray on a successful wine for tea barter deal with Yugoslavia

# Small countertrade can be beautiful

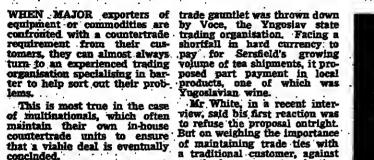
This is most true in the case of multinationals, which often maintain their own in-house countertrade units to ensure Highston while, in a recent interview, said his first reaction was to refuse the proposal ontright. countertrade units to ensure that a viable deal is eventually concluded.

concluded.

But when a small organisation, accustomed to receiving cash for goods is hit with a countertrade offer, the disruption to the company's way of doing business can be dramatic.

Such a challenge was recently the distance of the company's way of doing business can be dramatic.

Such a challenge was recently hurled at Mr Michael White, chairman of the Sersfield Trading Company, a London-based concern with long experience contern with long experience selling Assam tea for cash to customers in the UK, Eastern Europe, the Middle East and Africa.



production appeared to match vineyards in Western Europe, He accepted an initial grial shipment of 100 bottles comprising six different brands.

selling Assam tea for cash to customers in the UK, Eastern Europe, the Middle East and Africa.

Some 60 per cent of the company's annual turnover of £3.8m comes from abroad, and Yugoslavia is its most important foreign customer. The sale of tea to that market has been growing; sharply in recent the different brands.

Through his own contacts in the drinks trade he was able to ascertain that the bottled product received in London was a good as that sampled on site. Since agreement in principle had been struck, the next step was to sort out contractual details, far more complex than the simple trading of tea for growing; sharply in recent of tes to that market has been the simple trading of tes for growing sharply in recent hard currency to which Sersfield was accustomed. Such advice was forthcoming from the Adriatic.

Not surprisingly.



Mr Michael White, chairmen of Serafield Trading — an unexpected demand to set up a barter deal led to other countertrade business

The Add a Start Staged Start and and a granter

Africa.

His next action was to market the product in the UK, Mr White's experience in sales and marketing gained from previous positions with BAT and Gillette in the UK provided the entrees of the UK provided the ent

has turned from reluctance to enthusiasm. This year, Sersfield will handle around fim in Yugoslavian wino, some 20 per cent of which will be soid through the Duhlin-based Superquinn supermarket chain. A total of 12 hrands are on the

market. Yugoslavian wine does not en joy the preferential tariffs of wines produced within the EEC. but the overall production cost is lower and Sersfield is able to sell it at less than £2 per bottle.

Given the surge in UK wine
consumption in recent years,
the wine is as good as cash.

The apparent security of the market, however, is not without its pitfalls. With some amusement now, Mr White recalled his recent emergency visit to Dub-lin to allay the fears of his Irish customers over the tainted-wine scandals of recent months that bit the wines of Austria and

Mr White's experience with Yugoslavia has led to other barter deals and proposals. Sers-field recently agreed to take a small supply of Polish fruit wines, negotiated with the Argos state trading organisa-

These are being bottled, labelled and boxed in the UK in wine kits, complete with Irish crystal glassware from Gal-way. Sersfield is considering similar wine-for-tea offers from

## SHIPPING REPORT **Tanker** recovery may be

short-lived By Andrew Fisher,

Shipping Correspondent
TANKER RATES stayed firm last week but the market was given a strong warning that the marked improve-ment of recent months could

be short-lived. Fearnleys, the Norwegian shipbroking firm, said that some words of caution were necessary to prevent the mar-ket, which has recently been stimulated by lower oil prices, from becoming over-

With a number of shortproviding owners with a return of up to \$2m per voyage above operating expenses, some buyers were now willing to pay more than twice as much for a VICC (core to be the core of the core o (very large crude carrier) as the second-hand values of

only a menth ago.

"It seems appropriate to
pour some cold water ever
the most auxious buyers," Fearnleys commented sternly.
"There is still a considerable surplus of VLCC ton-nage and sales for scrappings of such vessels are insignifi-cant."

The actual VLCC and ULCC (ultra large) surplus—the former are ships of 200,000 deadweight tons and over, with ULCCs exceeding 300,000 dwt-was at least

30m dwt.
Thus, the market still needed a considerable increase in the present volume of oil movements by sea to eliminate this surplus. Fearnleys said that it did not, however, forsee such a large growth in demand. Also, with lower oil prices

causing oil companies and other buyers to fill up their storage facilities during the present rise in the market, a

Current levels of about Worldscale 45 for VLCCs from the Gulf to the West compare with Worldscale 22 a year ago.

But the picture in the long-depressed dry cargo market remains a serry one. Denheim Coates, the London ship-broker, reported that the

hroker, reported that the grain rate from the US gulf to Japan was \$8.20 a ton. A

# **Escort 'remains top** selling car' for fifth year in a row

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

FORD CLAIMS that its Escort was the world's best-selling car in 1985—for the fifth year in

The company says Escort sales reached 928,000 last year or 40,000 more than its nearest rival, the General Motors model sold as the Opel Ascona in con-tinental Europe, the Vauxhall Cavalier in the UK, Monza in Cavaller in the UK, Monza in Brazil and Camira in Australia. Ford also suggests its "F" series pick-up truck retained its place as the world's best-selling commercial vehicle with production of 640,000 last year placing it, fourth overall in the world replicing for either car

world rankings for either car or truck.

Nearly every "F" series pickup is sold in North America
whore the vehicle is frequently whore the vehicle is frequently bought for personal transport and is substituted for a car.

Ford says production of the Escort during 1985 was 901,000. second only to the record of 908,000 established in 1984. The model is produced in the UK, West Germany, Spain, Portugal, Canada, the US and South Africa.

It has been Ford's best-selling

WORLD'S BEST SELLING **CARS IN 1985** Cavaller 283,000 3 Volkswagen Golf

4 Toyota Corolla 732,000 587,000 (\* Totals inclue similar vehicles the Monza in Brazil and the Camira in Australia. The VW Golf includes the Caribe in Mexico.)

Total world-wide output of Ford cars and trucks during 1985 was 5.55m, placing Ford second only to GM of the US as the world's largest manufacturer of motor vehicles and more than 2m ahead of third-placed Toyota of Japan.

Japanese car makers could hoost thair share of the West European car market to some Canada, the US and South
Africa.
Since it was launched as
Ford's first "world car" in the
from 11 por cent last year and
from 11 por cent last year and
from 12 por cent in 1980, a study prepared by the Economist Intelligence Unit Reuter reports from

past five years and in 1985 its sales of 402,000 put it in sixth place in Europe, behind the Volkswagen Golf, Fiat Uno, General Motors' Opel Kadott/ with a falling dollar threatening earnings in the US, this pervarrhall Astra, the Peugeot 205 and the Renault 5. The study on Japan's motor GM van sales, Page 4

# World Economic Indicators

	UNEMPL	DYMENT		
	June '86	May '86	Apr '86	June '85
US 000's	8.443	8,554	8,342	8,423
%	7,10	7.30	7.10	7.30
~	May '86	Apr '86	Mar '86	May '85
W. Germany 990's	2,122.0	2,230,0	2,447.6	2,192.6
%	7.2	8.2	9.0	8.7
France 000's	2.317.9	2.371.6	2,394.9	2,282,6
%	10.0	10.2	10.3	9.8
lealy 000's	3,172.2	3,190.3	3,207.4	2,885.3
%	13.9	14.0	14.1	12.6
UK 000's	3,270.9	3,325.1	3,323.8	3,240.9
%	12.2	12.4	12.4	12.7
Netherlands 000's	685.8	697.3	725.0	737.0
. %	12.2	12.4	12.9	13.0
Belgium 000's	481.7	490.6	504.7	528.5
~ %	11.7	11.9	12.2	12.8
	Apr '86	Mar '86	Feb '86	Apr '85
2'000 rappet	1,820,0	1,830.0	1,640.0	1,570.0
%	2.86	2.72	2.55	2.44
Source (except US and Ja	epan): Eurostat			



It's easy to put on a smile. Airline hostesses do it all the time, unfortunately.

But a smile that comes from the heart and is echoed in the eyes, can't be faked.

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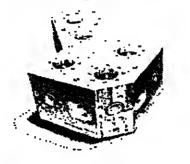
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14

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fur weitere informationen wenden sie sich bitte an John Micombe, director of development, glenrothes development corporation BALBIRNIE HOUSE, GLENROTHES, FIFE, SCHOTTLAND KY7 6NR. TELEFON: (0044) 592/754343, TELEX: 727125.

# **UK NEWS**

CONTROVERSY GROWS OVER EEC ANTI-DUMPING DUTIES

# Paper industry hit by kraftliner row

BY LIONEL BARBER

ON February 14 this year, Mr Alistair Burt, Conservative MP for Bu- federation's own membership - the ry North, rose in the House of Commons to speak about an apparently innocuous and relatively obscure paper product called kraftliner.

Mr Burt said that regulations serves as a rival, if inferior, prod-concerning the payment of EEC an-uct. This is precisely what occurred tidumping duties on kraftliner were being widely breached, and he hit their nadir. urged the government to look into the matter.

Around two mooths later, Customs & Excise officials made a snap raid on several UK corrugated box prices down and why. manufacturers - the principal users of kraftliner. Many other visits to other major manufacturers have followed as part of an investigation which has shaken the UK paper in-To some observers, Mr Burt's

speech - made during a rare ad-journment debate on the paper in-dustry - and the Customs investigatico are closely linked. By bringing out into the open what many in the industry had suspected for months, Mr Burt may have squeezed the trigger for an official investigation. In fact - as Mr Burt conceded last week - he was acting as the mouthpiece for the British Paper and Board Industry Federation, many of whose members had been burt by the downward spiral of kraftlin-

Kraftliner is the key raw material for the corrugated box and casing industry. The market is worth around £150m in the UK and the industry employs about 18,000 people in around 100 plants, according to

er prices over the previous 12

More important - at least for the price of kraftliner can have a knock-oo effect on other types of paper, notably testliner, a porridge mixture of waste paper which of American kraftliner. serves as a rival, if inferior, prodlast summer when kraftliner prices

Last year, kraftliner prices were being quoted in the EEC and the UK at around \$260 or \$270 a tonne. Explanations differ on who led

The (then) strong dollar, coupled with overstocking by users after the British Fibreboard Packaging Assothird proposed price increase for suppliers inside a year, are cited by kraftliner buyers. Further, Sweden, a major kraftliner supplier, devalu-ed its currency, the krooe.

The question of who started the discounting which forced prices in the market below the EEC minimum intervention price of \$333 a tonne is far more cootroversial. One theory is that Swedish producers elected to break their voluntary undertakings to the EEC not to sell be-

But UK agents for the Swedes de-ny this and point the finger at Cel-lulose du Pin, the sole French and major EEC producer. The irony is that the French pushed for the antidumping legislation in the first place, said one sales director acting for the Swedes.

Falling kraftliner prices forced the US producers - among them Great Southern Paper, St Regis Paper, and International Paper – to react, krafiliner buyers said. The problem for the Americans was that \$270 at \$333, then they could avoid like anti-dumping rules."

to duty and yet they knew they could not afford to stay out of the corded price. Some compare market," said ooe major purchaser

The reason lies partly in the nature of kraftliner production. The paper mills are so capital intensive that it is imperative that they run to capacity. \*At 95 per cent capacity you are breaking even and every I perceotage point above that you start making a lot of money," said Mr Michael Howard, director of the

ciation. "But at 92 per cent capacity,

you lose money. Conversely, there was no way that the association's members -the major users of kraftliner for the corrugated box and casing industry - could afford to ignore their US suppliers. Three years ago, the Americans held around 60 per cent of the UK market and last year it was still 40 per cent. They could not cut themselves off just to take a

agent said. But the offer of discounts by all major producers presented a dilemma for UK users of kraftliner. If they faced paying the outstanding difference between the market price and the EEC minimum interventioo price of \$333. At a price of sish producer said last week: I think \$270 a tonne, for example, the levy payable to Customs would be \$63.

they were the only world producer the EEC levy. At the same time legally liable to the EEC's dumping and here is the twist - they would duties. Their products were subject pay a slightly higher duty to Customs because of the higher rehave judged the trade-off between paying a (then) 7 per cent duty and

avoiding the EEC levy was to be a risk worth taking. The British Paper and Board Industry Federation (BPBIF), worried by the slump in paper prices and the way in which the anti-dumping legislation appeared to be being flouted, encouraged an official gov ernment inquiry. Once again, the result was totally unexpected. Mr David Peacock, director of the

BPRIF, said the federation had up. derstood that the importers themselves were not responsible for paying the EEC levy, rather it was up to the suppliers who, after all, were offeriog the discounts.

This does not appear to be the case. Hence the federation may have helped prompt an inquiry which could harm its very own customers in the corrugated box indus cut-price offer from the Swedes or try. "It is an unfortunate position, the French," one UK importing said Mr Peacock last week.

The federation, along with kraftmeanwhile succeeded in persuading the EEC Commission to review they accepted the discounts, theo the anti-dumping legislation, just as kraftliner prices have recovered to around \$400 a tonne.

One sales director for a hig Swed going on. This is the mess you get into wheo you try to interfere with

# Allowance outstrips inflation

ments have risen over the year to last May by an average of 4.3 per cent, with a 5.7 per cent increase for inner London, according to the latest annual report from Reward Regional Surveys. This is above the May inflation rate of 3 per cent dur-

The Reward report, based on data from 153 companies, points out that, despite these increases, the amounts paid are well below the actual cost-of-living differences between the inner London area and the UK average.

The annual median weighting payment increase over the year to the southeast outside London. This M25."

LONDON SALARY weighting payments have risen over the year to per cent rise, and for inner London, cent increase throughout the UK." per cent rise, and for inner London, £1,260, a 5.7 per cent increase.

But the actual cost-of-living difference between the London inner area and the UK average was £2.534 on the basis of Reward's Jannary cost-of-living survey.

"It is felt only fair that individuals should pay something towards the capital appreciation on house values," says the report. "As these are rocketing around London, this is a topical subject. Our latest fig-ures show house prices in the Lon-doo area have risen 18.9 per ceot over the year and 14.8 per cent in

A majority, 85 per ceot of the survey companies, have reviewed their London weighting payments within the last year, but there are some weightings still operating that were set as far back as 1979.

The opening of the M25 ring road is having an increasing effect on salaries, house prices and additional payments like London weighting says the report. "Most com are watching this carefully, al-though some have already moved their outer London boundary to the

### **Lord Barnett** may head BBC

By Raymond Snoddy

LORD BARNETT, the former La bour Cabinet Minister, is favourite to succeed Sir William Rees-Mogg who is due to retire as vice chairman of the BBC board of governors. If Lord Barnett's appointment is confirmed it could shift the balance of power in the board more towards

At present both the chairman, Mr Stuart Young, and Sir William are seen as having Conservative in-

As well as making the board more politically representative Lord Barnett could strengthen its

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# Employers deal blow to profit-sharing scheme

BY ROBIN PAULEY

THE GOVERNMENTS involved way of introducing profit sharing Lawson's idea, saying it would ininto pay packets has been dealt a troduce some much needed flexibilsevere blow with its overwhelming rejection by employers. It has alsurvey produced a lor ready been given by reception by tions to the scheme: many employee unions.

more than 1,000 members who over tors. These include exchange rate whelmingly rejected the scheme put forward by Mr Nigel Lawson, the Chancellor of the Exchequer. Mr Lawson wants 80 per cent to 90 per cent of an employee's pay set by negotiation and the other 10 per cent to 20 per cent tied to profits.

The CBI rejection caps mounting opposition from employers and trade unions. It probably means Mr Lawson will have to change the emphasis of his discussion document on the subject due this month, to take more account of an alternative scheme which has been urged by a number of senior ministers.

The CBI initially welcomed Mr ity into pay setting. But the detailed survey produced a long list of objec-

 The unwillingness of companies The Confederation of British In-dustry (CBI) canvassed the views of movements which affect profitability but have nothing to do with emlovee performance. Fears that unions would press

for greater industrial democracy and insist on access to sensitive

and insist on access to sensitive company information to check profit calculations.

The impracticality of negotiating over base pay while profit-related pay was determined separately.

The increased rigidity it would bring to the labour market as employees resisted new recruits, preferring to share the higher profits

. The difficulties in creating profit Instead of theing a fixed proportion of pay to profits the alternative scheme would link only pay rises, rather than total pay, to profits.

The difficulties in creating profit and loss accounts if profit sharing schemes were set up at operational unit level, as Mr Lawson wants, rather than at company level.

Employers also felt that the scheme would not attract workforce support because it required them to put too much of their basic pay at risk each year, an objection also widely voiced among trade unions.

It is the fear of employee rejec-tion which caused some of Mr Lawson's employees to look for an alternative. Under their scheme only the amount of the annual rise is linked to profitability and the core wage remains safe. They calculate that over two or three years the overall effect of the two schemes might remain the same.

Mr Lawson is keen to introduce a tax incentive to encourage profit-sharing schemes. It is clear that the tax relief would go to employees al though some companies argue it should go to the employer.

Either way, some CBI objectors noted that tax relief would create unequal treatment between those who could introduce such arrange-ments and those who could not, either for practical reasons or because they are non-profit organisa-

# Stockbroking firm opts for market-making role

BY BARRY RILEY, FINANCIAL EDITOR

THE STOCKBROKING firm of Mr John Finch, head of equity Greenwell Montagu, part of the Midland Bank Group, is to terminate its agency role and will act only option is not on. Having decided that, there is no logical place to stop apart from a principal only the London Stock Exchange's Big Bang restructuring on October 27.

This is in sharm contrast to the in-

This is in sharp contrast to the in- ness will got to in the end." tentions of most London broking firms, which expect to act both as market-making activity, the firm intends to charge a commission to agents (carrying out orders through other competing market makers), clients. This, it claims, is merited by and as principals (taking positions its commitment to offer what are on to their own books).

London's biggest stockbroking clients, and to give access to refirm, James Capel, has in fact an search and other services, such as a nonnced that it will act only as an screen-based investment news facilagent and will not make regular markets in securities, although it will be willing to take stock on to its did not apply to private client busi-

own books on occasion. Greenwell' Montagu - formerly its plans with major clients for several weeks. It has put forward what it describes as a unique approach. Its salesmen will only excess for the new conditions.

THE securitisation of credit to UK

companies, whereby borrowers is-

sue marketable securities instead

of obtaining interest-bearing cash

from banks, is moving ahead rapidly, according to Mr Christopher

Johnson, economic adviser to

Lloyds's Economic Bulletin, he says that the forthcoming Big Bang in the London-Stock Exchange is more

a consequence than a cause of the

Borrowers now find it easier to issue securities than to borrow from

banks, and they need not be bound

by the covenants often attached to

investors, in so far as they can be

With securitisation, the risk

bank loans, Mr Johnson writes.

Writing in the July issue of

Lloyds Bank.

# membership faces shake-up

By Our Financial Editor

But despite the emphasis on its As the SIB prepares to publish its first annual report next Wednesday, covering its preliminary year in which it has been establishing itself on an extra-statutory basis, officials described as the "best prices" to at the Department of Trade and Industry and the Bank of England

ness, where it will continue to act on an agency basis in transacting

its plans with major clients for several weeks. It has put forward what it describes as a unique approach. Its salesmen will only execute orders with Greenwell Monta. Bang All firms have been urgently envisaged at an early stage of plantiques of make takers, although the latter may then trade with other firms.

of Investments Board Organising Committee (Miboc) under Mr Mark Weinberg will therefore be limited. and the composition of the SIB will need to give greater emphasis to persuaded to hold securities and

banks can more quickly alter the composition of their asset portfolio arately. It is understood that the aim is to by buying and selling securities rather than having to wait for loans increase the number of directors of excluding the chairman, Sir Kento run off before replacing them." Traditional bank lending has been supplemented by Bank of England commercial purchases and neth Berrill. Some existing mem-

The main new development for British corporate borrowers, he suggests, has been the vast in-crease in their use of the Eurobond market. He calculates that Euro-bond issues will provide UK partici-pants with £4bn in 1986—about ½ of their total external funding and an Channon, and the Governor of the shifts away from banks to non-bank amount equivalent to bank lending Bank of England, Mr Robin Leigh-

# City watchdog

AN IMMINENT shake-up planned of the membership of the Securities and Investments Board (SIB), the body which will be empowered by financial services legislation now going through Parliament to regulate Britain's invest-

have been sounding out new candi-dates for appointment to the board.

It is intended that the new list of directors will be announced before Perliament rises around the end of

The need to reconstitute the

The life of the existing Marketing which Miboc has been dealing sep-

bers are expected to retire, so that the number of new directors will be more than six.

One priority will be to increase the number of lay members, who are not investment practitioners. Under the proposed legislation, the SIB is the joint responsibility of the Secretary of State for Trade and Industry, at present Mr Paul

# Oil chief calls for easing of tax burden

A NORTH SEA oil industry spokesman called at the weekend for "essential" tax changes to prevent the slowdown in new developments caused by falling oil and gas prices.

Mr Christopher Ryan, director of

the British Indigenous Technology Group (Brit), which represents 90 UK-owned companies with a stake in the oil business, also called for British companies to receive a higger share of new developments than the 65 per cent they were now

In his call for tax changes, made during a speech to businessmen in Scotland, he said investment decisions increasingly assumed that there would be a long period of low and fluctuating oil prices and that in the current tax structure new developments were not attractive. He listed three ways of easing the in-

dustry's tax burden:

• Incremental developments on existing oilfields should be considered as new fields for tax purposes. This would supplement falling production, provide contracts worth £1.4hn mostly in the next two or three years, and immediately benefit the drilling industry.

The Petroleum Revenue Tax

(PRT) ring around fields should be lismantled, making the cost of new field developments allowable against the tax arising on existing fields. This would reduce the risk

element in new developments.

The repayment of Advanced PRT (levied when oil was twice its current level) should be brought forward, to an effort to ease the cash flow of companies involved in less profitable fields.

However, the benefits of these changes to the UK would only be maximised if British-owned companies gained the bulk of the £4bn-£5bn contracts which would arise and not the 85 per cent share they were winning at present.

## Lamb sales improve after nuclear fears

By Stefan Wagstyl

LAMB PRICES have staged a marked recovery as shoppers fears have receded about buying meat which might be contaminated by fall-out from the Chernobyl nuclear

The Meat and Livestock Commission said that wholesale prices last week rose by an average of 10p to 161p a kg, after plunging about 45p the previous week when the Gov-ernment banned the movement and

The commission said prices which had been 20p to 25p lower than might have been expected be the SIB from 10 to 16, in each case fore the radioactivity scare were now broadly at the expected level for this time of year.

The commission said the number of lambs brought to market had also recovered - across the UK the total was up 5 per cent last week. In Wales, it was up by 20 per cent, with most of the gain coming on Friday after government bans were lifted

The restrictions remain in force in other areas in north Wales, and in parts of Cumbria and Scotland until July 25.

The commission expected retail prices to recover somewhat this

# Skoda aims to regain lost ground

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

SKODA, the Czechoslovakian car atile during the past 20 years. this year by regaining lost ground outside the Comecon countries.

when its performance was badly action to improve the steering and dented by the impact of the miners' handling characteristics of all new strike in some areas of the UK vehicles exported to the UK.

took over from an independent importer which was selling a few hundred cars a year.

and interior are dated, Skoda models offer "spectacular value."

The London-based Skoda (GB) al-The company uses price as its so imports Jawa/CZ mutor cycles, major marketing tool - UK prices Zetor tractors and Desta fork-lift

start at only \$2,598 and go up to trucks from Czechoslovakia \$23,810. Sales of Skoda's rear-engined cars in Britain have been vol- 1984, reveal a pre-tax profit of

group, hopes to celebrate the 20th and owners to be found anywhere.

Soles of £32.8m the previous year.

The marque appeals almost exclusive and owners to be found anywhere. Automobile Association severely in Britain, its best export market criticised the cars' steering in 1978. Skoda strongly denied sugges-It expects to sell more than 11,000 tions that its cars fell below acceptcars compared with 9,884 in 1985 able safety levels but agreed to take

where it usually does well.

Skoda (Great Britain) was set up

The company has overcome that setback. Car magazine, for examin 1966 by Motokov of Prague which ple, says that although the styling

The latest accounts to be filed, for

Containers which bring in replacement parts are refilled with Some of Skoda.

in the UK, a large number by the prices. standards of other importers selling that way deliberately to make sure radical change has always been our any Skoda owner can get service policy. A completely new Skoda is a quickly and easily," says Mr Peter rare event. Instead, we concentrate Titterton, the sales director.

£192,053 on sales worth £33.3m "the most loyal bands of dealers Skoda imports to the UK through its own purpose-built 18-acre prepiets and has introduced tens of thouaration centre and parts warehouse sands to their first new car - and in the Norfolk port of King's Lynn. had them coming back with repeat

Some of Skoda's rivals suggest British-made wheels, tyres and other components for export to Czechanother Czech car because other oslovakia where they are fitted to manufacturers' dealers are reluc-cars on the Skoda production line. There are 260 Skoda car dealers change except at rock-bottom

Mr Titterton points out that about the same volume. "We keep it "steady improvement rather than Mr Titterton claims Skoda has give even better performan

# GM takes the lead over BL in van sales

GENERAL MOTORS, the Bedford commercial vehicle group, pushed past state-owned BL to take second 1985. place in the UK new van market during the first half of this year 20,623 to 19,581 over the same periwith the help of vehicles built in od.

and the Rascal, from a design by Suzuki - said it intended to take sing in van market leadership. But it has Transit

some way to go to catch Ford. According to Society of Motor June fell by 1.87 per cent to 21,296, Manufacturers and Traders' statis- which left the market down by 0.46 tics, in the first half of this year GM per cent at 149,968 in the first half-

BL's registrations slipped from

Britain from Japanese designs.

GM – when it launched the Bedford Midi, based on an Isuzu van, short of its best-selling Transit me-

dium vans while it has been phasing in production of the new-shape Total commercial vehicle sales in

the heavy truck sector (over 3.5 tratinns reached 4,931 (against 4,384 tonnes gross weight) last month bein the same period of 1985); Ford's cause an incentive scheme reached sales were 4,276 (4,871) and Mera peak and dealers rushed to reg-ister vehicles in order to win the bonuses available. Several hundred helped lift total heavy truck regis-

back the second place in the heavy Imports were running at near-re-cord levels, accounting for 40.23 per Daimler-Benz, the Mercedes group cent of total registrations against of West Germany. But Ford was not 38.3 per cent in the January-June able to regain the lead it lost this period of 1985.

Fird made a major recovery in In the first half, Leyland's regis-

Ford trucks were registered in the last two days of June.

This was enough to give Ford

trations in June by 15.4 per cent to 4,524. For the first half, however, sales were down by 1.19 per cent

# Companies 'not facing serious pay pressure'

BY WALTER ELLIS

MANY leading businessmen say said their companies were not facthey are not under serious pressure to make excessive pay awards, ac-

of Directors (IOD).
The survey contradicts the views of several senior government ministers who have complained recently that UK pay settlements are rising out of line with improvements in company performance and profit-

Three out of four businessmen questioned last month for the IOD's bi-monthly business opinion survey

ing serious pressure on pay.

The most significant factor influencing pay decisions according to

56 per cent of respondents was "concern to motivate and reward employees." In second place came competitive pay pressures from oth-er employers, followed by the influence of national agreements on pay and conditions.

Only 5 per cent of those questioned cited trade union pressure as in to such pressure when it arose. ly giving them top priority. the most vital factor.

IOD policy unit said the survey next six months. made it clear that senior husinessmen in Britain now felt that flow problems, however, remained their companies were being subject-ed to unreasonable pay claims. Fewer still, he claimed were giving per cent of respondents respective-

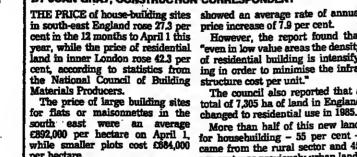
The IOD also saw a growing con-Of the 24 per cent of husiness cern among company manage- per cent.

leaders who said they had experiments not to lose skilled workers. enced serious pressure to make un-justified pay awards, nearly two thirds said they had not yielded to highest total for more than a year said labour supply was expected to Mr Graham Mather, bead of the be their main concern during the

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### **Prices of house-building** sites continue to rise BY JOAN GRAY, CONSTRUCTION CORRESPONDENT



Large house-building sites in in-ner London cost £3.3m per hectare, and smaller sites cost £2.3m per

By comparison, large and small house-building sites in the north cost £190,000 per hectare, and

for househuilding - 55 per cent -came from the rural sector and 45 per cent was previously urban land, including 23 per cent described as vacant land. A total of 46 per cent of the new house-building land in England came from agricultural use. In the south east, of the 2,265 ha of land recorded as changing to residential use, 22 per cent originated as vacant land - principally city land that was previously developed

in the south east, other residential use 22 per cent and forestry 8 per House prices in Britain rose by the year to June, according to a building society's index.

The survey instead shows clear signs that the rate of house price in-flation is continuing to accelerate.

However, the report found that "even in low value areas the density of residential building is intensify ing in order to minimise the infra-The council also reported that

total of 7,305 ha of land in England changed to residential use in 1985. More than half of this new land

and despoiled land requiring treatment before it could be developed. Agricultural land accounted for 36 per cent of the new building land

slightly more than 12 per cent in

The survey by the Halifax Building Society fails to confirm signs of a slowdown in the house price boom reported by the estate agents' body, the Incorporated Society of Valuers and Auctioneers, last week.

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builders, they are now fighting it out in a harsh commercial environ-Naval orders are harder to come by, as the government seeks to curh spending. Projects are delayed or curtailed and negotiations on price and terms have become tougher. So the news emanating from Whitehall that three new Type 23 frigates are likely to be ordered soon has given But as with merchant shipbuilding, there are too many yards chasing far too few orders. Four UK yards have been in the race for the £120m frigates; only two have been successful, at least for the moment. Yarrow on the Clyde, now a subsidiary of General Electric Company (GEC), looks likely to receive two frigate contracts and Swan Hunter on the Tyne a third. Left out in the cold are Vosper Thornycroft in Southampton and Cammell Laird With the orders yet to be formally announced, yards are coy about prospects. But Mr Peter Usher, managing director of Vosper, admits: "We are not delighted." As well as being frustrated over UK hopes, the yard has been talking for several years on a possible £300m-

**UK NEWS** 

Andrew Fisher reports on some good news for British shipbuilders

Warship yards fight for orders

Swan Hunter, one of Britain's work-hungry warship yards, is set to win a Type 23 frigate order soon. Pictured here is HMS Sheifield, one of two earlier Type 22 frigates, at the Tyneside yard. The keel of a third was laid in May.

time passes. Pakistan's political scene has become more traught after the return there of Miss Benazir Bhutto, daughter of Mr Zulfikar Ali and more sophisticated Type 23s. Without more work, Vosper will clearly have to cut its 2,800-stong workdorce, already down sharply in Bhutto, the former Prime Minister executed by President Zia seven Export opportunities like Pakistan are rare, though Vosper has distant hopes of Greece, New Zealand, Algeria and Indonesia. And they are keenly fought. Though Vosper has a letter of intent from Pakistan.

BRITAIN'S WARSHIP yards are in a precarious position. Barely out of

the secure, though not always com-fortable, embrace of British Ship-

some yards a timely fillip.

hus order for three frigates from

This, too, is looking less likely as

Pakistan.

had to go otherwise. "We need one (Type 23 order) pretty desperately," says Mr Eric Smith, industrial relations director of the Clydeside yard "We'd obviously like two." Like Vosper, he which would build one of the fri-gates in Karachi, West Germany's Blohm und Voss is also keen for the says the yard has still to hear from

"We're not giving up our frigate-building activity lightly," asserts Mr Usher. "We're in there fighting." But the yard built none of the last the government on its decision.
GEC is expected to invest £10m in a new covered building hall for its yard, for which it paid £34m just over a year ago, if it wins the Type 23 work, Yarrow is already building generation of Type 22 frigates and has so far not been chosen to con-

the prototype and would thus hope to produce the next vessels more cheaply and efficiently.

With a covered hall, Yarrow could the past few years. For Yarrow, the Type 23 orders will provide security for the yard's 4,300 jobs, around 1,000 of which would probably have

Cammell Laird, now part of Vickers Shipbuilding, is using such modular construction methods for the Type 22 frigate it was awarded back in January 1985, when Mr Michael its stand against militant pickets in

sult. To soothe its wounds, it was promised a Type 23 order. It is this vessel which the government now seems ready at last to confirm after strong lobbying by local MPs and great patience by the yard itself.

This year has been trustrating for Swan, which left the public sector five months ago in a City-backed buy-out. It lost a fiercely fought £120m order for an auxiliary oil replenisher (AOR), designed to support the Type 23 fleet, to a consortium of Harland and Wolff of Belfast, Yarrow, Racal and the Yard de-

sign company.
It then declared 825 redundancies. But the Harland team has to meet stringent conditions on the contract, with severe penalties if it

Chutching its funds most closely is the Ministry of Defence. It was expected to order two AORs this year and four later. But the second has been deferred. Swan will have a chance to tender for this.

So despite the likelihood of more frigate orders, yards are still scrambling for work. Cammell Laird has won £300m worth of submarine orders, but wants more business to supplement this. Swan needs more than one Type 23 and hopes to break into the difficult export mar-

Vosper, which went private in an £18.5m management buy-out, has not wholly given up hope on Pakistan. Mr Usher will fly there soon to assess the contract's fading chances. With the deal taking so long to pull off, it must be in some sort of jeopardy. Our fingers are firmly crossed."

He is hoping the UK Govern use merchant-building techniques will approve a new class of £25m involving pre-assembly of large minesweepers of which Vosper is blocks. As much of the advanced outfitting work would thus be carforced plastic, a material in which it ried out at an earlier stage, up to 12 specialises. It built 11 of the previ-months could be sliced off the pres-ous class, with two built by Yarrow. ent building time of some four which will also compete for the new

If Vosper wins the Pakistani and minesweeper work, it will need about 1,000 more workers, still leaving it well short of the 5,800 from which it has fallen since 1982. Yar-Heseltine, then Defence Secretary, row will need two frigates a year to rewarded the Birkenhead yard for maintain its labour force. Concludes Mr Hunter, not just refer-984. ring to naval work: "It's a rotten But Swan Hunter lost out as a reside we're all on at the moment."

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# Contracts & Tenders



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# KINGDOM OF SAUDI ARABIA SAUDI ARABIAN NATIONAL GUARD

# **INVITATION FOR TENDERS**

The Saudi Arabian National Guard invites qualified companies to submit tenders for a 3 year contract to Operate and Manage the King Khalid Hospital and Medical City, a 300-bed specialty teaching hospital complex currently in operation in Jeddah, Saudi Arabia.

The King Khalid Hospital conducts a program of post graduate medical education which has as its objective the preparation of Saudi physicians for Western and Arabic specialty credentials. This program requires that the Contractor for Operations and Management to conduct patient care and education at standards acceptable to the relevant authorities providing such credentials. It also requires that the Contractor, on behalf of the Hospital, develop and maintain affiliations with reputable teaching hospitals in Western countries.

Consequently, Companies to be considered for contract award will be required to demonstrate:

- 1. The Existance of an established capability in a Western country for developing and mainlaining affiliations with reputable teaching hospitals.
- 2. Successful experience, during the four years immediately prior to the date of tendering, in the management and operation of one or more teaching hospitals of at least 200 beds, or of at least five acute-care hospitals, one of which must be of 200 beds or more.
- Successful performance in the international recruitment of medical personnel.
- 4. The existence, at the time of tendering, of a professionally staffed central office capable of mobilizing for the project and of providing ongoing management and professional support.
- 5. Past experience of handling projects of 100 million or more and the availability of at least S.R. 25 million of working capital.

Preference will be given to companies with successful experience in the management of teaching hospitals.

Tenders will be considered from:

- Saudi Companies.
- 2. Foreign Companies with Saudi Sponsors, and
- 3. Two or more Companies tendering jointly, provided that the Companies named demonstrate a commitment to form a Joint Venture Company to accept any contract award.

When evaluating tenders submitted by Joint Ventures, either existing or to be formed, consideration will be given to the qualifications of only those Companies that will bear the financial risk for a minimum of 25% of the project.

The National Guard will not review or evaluate any tender submitted by a Company that does not meet all of the qualifications stated above.

Request for Proposal documents may be obtained from

Tenders Department, Saudi Arabian National Guard. Western Region, Jeddah Tel:671-1334/5 Tlx: 601241 on or after 23/7/1986 AD -- 16/11/1406 H, for the amount of one hundred and fitty thousand Saudi Riyals (SR. 150,000). Tenders must be submitted by 27/9/1986 AD - 23/1/1407 H.



Plant at

# Záhony-Eperjeske

for unloading bagging & storing of chemical fertilizers

AGROTEK Trading Company for Agricultural Capital Equipment and the HUNGARIAN STATE RAILWAYS/MAV have entered into a joint venture agreement to erect a plant at Záhony-Eperjeske, North-Eastern Hungary, for unloading, bagging and storing of chemical fertilisers with a bagging capacity of 40 metric tonnes/hour and intend to procure the plant and machinery needed for that purpose. Average working hours/year are estimated at 2,000 hours. The funds needed will be provided by AGROTEK and MAV.

The CHEMOKOMPLEX Foreign Trading Company now invites sealed bids from eligible bidders for The supply of the following plant and machinery needed as components for the project along with the necessary spare parts as well as the joint technical services regarding the above:

- Fertilizer storing equipment; Fertilizer grinding machine;
- Portioning scale with bagging head; Sewing and mending machine;
- Belt conveyors;
- Wagon loaders; Pre-feeding bins.

Interested eligible bidders may obtain further information and inspect the bidding documents at

CHEMOKOMPLEX

H-1062 Budapest, VI Nepköztársaság utja 60 Tel: 122-680 Telex: 225153 Attention: Istvan Buday, Head of Department IFB No. 104-86/A-8036

A complete set of bidding documents may be purchased by any interested eligible bidder on the submission of a written application to the above and upon payment of a non-refundable fee of fifty US dollars - US\$50 - or equivalent in convertible currency. From domestic bidders in Hungary payment of two thousand HUF — HUF 2,000 — will be requested.

Remittances are to be made to the account No. 218-10763 of CHEMOKOMPLEX kept with the National Bank of Hungary, Budapest. Payment by cheques will be accepted and documents will be sent by registered air mail. Bidding documents are available during 30 days reckoned from the issue of the present publication.

or breamisations for whom worked: and and addresses of two tech-financial referees.

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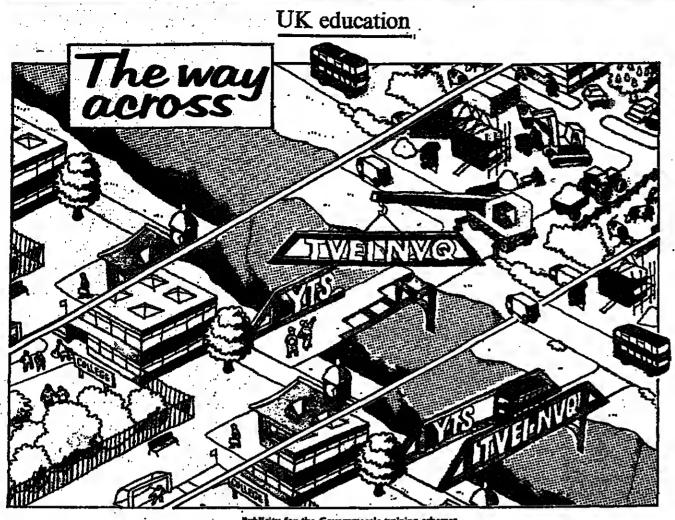
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# A practical proposition

By Alan Pike, Industrial Correspondent

with his own Department of Employment taking a leading role.

Lord Young devised the idea for TVEI four years ago, when he was chairman of the Manpower Services Commission (MSC), as a way of making the school curriculum more relevant to the world of employment. The MSC is a public agency run by employers, unions and education representatives.

The initial pilot projects were launched in 1983 through the MSC rather than the Department of Education and Sciences (CDES) — primarity because dustrial relations—for so long in the country. White Paper will eventually he available as an option for 14-18 available as an option fo

ment of Education and Sciences (DES) — primarily because Ministers believed that the MSC was more likely to make speedy progress. Local authority con-trol of education and the trol of education and the indirect method in which universities are funded has put the DES in a weak position when it comes to initiating action. Educators, and even the DES itself, are seen by many Ministers as invariably preferring lengthy discussion to experimentation.

There were suggestions when the TVEI pilot projects started

line mention.

the TVEI pilot projects started that, having got the experiment off the ground, the MSC would hand the scheme over to the DES. But last week's education and training White Paper said

the MSC would administer the plan to take TVEI national.

Since launching the project, the MSC has also been given an important role in financing further education in local authority will be the project. colleges—a move intended to strengthen the link between the courses offered by colleges and the actual training needs of in-

Last week's White Paper also made public a further coup for the Department of Employment. Lord Young has been named as the Minister who will "have the lead responsibility" for appointing a new National Council for Vocational Qualifications, and for its dey-to-day administration.

By Alan Pike, Industrial Correspondent

LORD YOUNG, Employment Secretary and a late-developing politician with an acutely professional touch, appeared at a press conference to amounce the Government's plans to reform technical education waring a vivid yellow badge and an equally bright smile.

The badge symbolities what the change is all about. It was made by pupils on a Technical and Vocational Education Initiative (TVEI) project — the scheme for giving 14-18 year olds a more practical schooling. The Government amounced last week its plans to extend the programme to all secondary schools.

His smile can be presumed to reflect satisfaction that progress is at last under way in changing the curriculum pose of the MSC's activity in Britain's schools and colleges, with his own Department of all signed by local education in Britain's schools and colleges, with his own Department of all signed by local education in Britain's schools and colleges, with his own Department of all signed in secondary role.

Lord Young devised the idea in political state of the country.

By Alan Pike, Industrial Correspondent

The council is designed to rooms. School children in the country to study with the chory to short a to level. Courses on fashion and textila design are charlened in Newcastia. The biggest threat to fashion and textila design are stabled in Newcastia. The biggest threat to fashion and textila design are charlened and entertainment of 100,000 studio in a converted students in Barnsley. A food students in Barnsley and in industry. But another skill design are students in Olevel. Courses on t

dustrial relations—for so long the staple diet of the old beer-and-sandwiches Ministry of people's options and educa-tional horizons at the age of 14, Labour-receives only a single re-introducing selection within the comprehensive system—the bright pupils preparing for higher education, the others getting job training on TVEL

line mention.

With the Government's industrial relations reforms on the Statute Book, the department is fast changing shape and concentrating on its new priorities. Visitors to the Secretary of State's office encounter "Please Take One" boxes of booklets containing details of some 30 employment and training schemes being run by the department and its setting job training on TVEL
Such suggestions are rejected as strongly by TVEI teachers and young peopla taking part in the initiative as they are by Lord Young and his colleagues. But no attempt is made to deny that TVEI is intended to bring education and industry closer together, and break down the traditional pre-eminence of the academic over the practical in the British school curriculum, of the young people now taking part in TVEI would attend strongly work-related vocational schools from the age of 14.

Many TVEI teachers — like Youth Training Schema instrucby the department and its direct action arm, the MSC.

When Lord Young became chairman of the MSC in 1982, he soon concluded, like others he soon concinded, like others before him, that Britain's lag-gardly industrial training system could not be changed in isolation from the education system. It was against this background that he devised

tors — have been impresse the extent to which a pract

Employment into educational reform. Lord Young's yellow badge made by TVEI pupils did not come from a course in bedge-making, but one teaching the financial, commercial and in the TVEI pilot projects would agree with the White Paper's grand sounding judg-ment that the scheme is "one financial, commercial and marketing aspects of running a of the most significant broaden-ings of the schools curriculum

If successful, it should also help in the coming years to tackle skill shortages in advanced technology sectors of become common features of the TVEI pilot projects, along with other developments uncommon in more conventional class-

# Chinese walls may be too thin

By Barry Riley

DECLARATIONS of independthey act as close advisers. There required to disclose their holdence crop up not only in is inevitably a risk that actions ings. American colonies but also, oddly enough, in the Lordon stock market.

The independence being so declared at present is that of system is clearly that market the market making arms of the making is an integral part of making is an integral part of of the range of activities of the new multi-service firms. Small from their corporate finance departments. Effective inde- normally expect that their sponpendence is vital if they are to soring advisers will provide a receive permission from the reasonably liquid market in Takeover Panel to sustain their shares—and other market Takeover Panel to sustain their market making operations at times of takeover hids involving be too lean. client companies.

But although this may be an adequate approach during tha current interim stage of the the distribution side-it is not

within broader firms adds some new variations on the theme. In particular, firms which make markets in the stocks of corporate clients will need to erect very thick Chinese walks between their traders and their corporate finance departments.

In fact some firms have thought very hard about whether they should attempt to make markets at all in the stocks of companies to which

by their traders could be mis-interpreted, even when no in-sider information has passed

between departments. However, the logic of the new makers may not readily volun-teer because the pickings would

For bigger companies, lack of eager market makers will not be a problem, but it will be vital for investment firms to keep closely in touch with the mar-London securities market's kets in clients companies' stocks development—the big groups in order that they can advise can own market makers, but on issues and have the necesmust not integrate them with

Since the problem cannot be going to be sufficient after Big avoided, it must be tackled head on and foolproof systems devel-Conflicts of interest are already familiar in the London securities scene, but the absorption of the jobbing function within broader firms adds some leave any grey areas. We have to be ebsolutely white."

> The Takeover Panel's interim The Takeover Panel's interimguidelines provide that so long as the market making operations sign declarations saying they are being run in a fully independent manner, they will be given e kind of exempt status. That is, they will not be regarded as ecting in concert with parties involved in the takeover and will not be

After Big Bang, however, quite different rules will have to apply in takeovers. The key question is whether the Panel will opt for the New York system of a restricted list which circulates within a firm and imposes limits to be applied to market making in sensitive

The restriction could amount to an outright ban, or a tight constraint on the volume of business permitted. Most market makers insunctively reject the latter however, and there is also the problem that in a major bid it would be possible for three or even more of the strongest market makers to be effectively cut out, because they all had corporate client involve-ments. That might seriously restrict the liquidity of the market, to the disadvantage of

Rightly or wrongly, firms with big corporate client lists could end up being penalised, and up being penalised, although there would be swings and roundabouts. They would hope to pick up business diverted from restricted rivals in hids in which they were not themselves involved,

At any rate, the Panel is bound to be concerned with safeguarding its concert party rules, and some awkward decisions are going to have to be taken in this area.

The sudden imposition of restrictions, after all, could be very embarrassing for a trader stuck with a large open position which he was unable to unwind.

were given a discreet advance warning of a bid or new issue and allowed to retreat gracefully the competing market makers would soon spot what was happening.

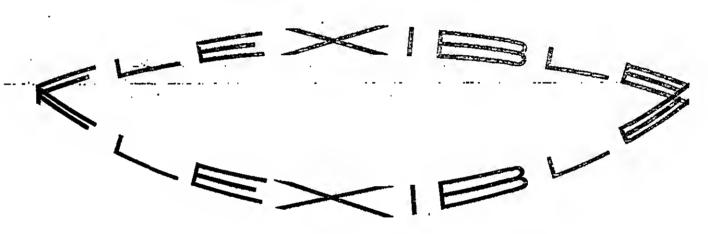
In other areas the arguments are rather simpler. When there is a rights issue, say the Chinese Wall will have to stay absolutely impenetrable and the house market maker will have to take his medicine along with the rest of the market.

For the big groups these barriers to the internal flow of information ought not to be a problem. There are complex security systems to keep the various teams of apecialists apart, and the largest groups can even afford to install separate banks of lifts to serve different functional areas.

It is a little more difficult to see how the rules could be applied so rigidly in small firms, where individual practitioners may wear several different hats. Arguably investors will have to be warned that lower standards may apply down among the gamme stocks.

hevitably there will be break-downs. In May this year First Boston in New York paid a civil penalty of some \$260,000 and gave up \$132,000 in alleged profits on trading in the stock of a corporate finance client which announced an unexpected

Despite the problems, the system will have to he made to work in London. If it does not, and there are too many scan-dals, the whole basis of the new-style market will be in doubt.



Developing the latest epoxy-resins requires a special sort of mind.

# **NETHERLANDS BANKING**

TVEI and began the excursion of the MSC and Department of

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School businesses

FINANCE AND INVESTMENT

The above Survey which was to have been published today will now appear on Wednesday 16th July

When GKN brought us a problem, we bent over backwards to help. 🖾 The problem: How to make vehicle leaf springs, in large volumes, from glass fibre rather than steel. The solution: A special epoxy-resin composite. We developed resins to a new specification and provided chemical-engineering support to 'scale-up' the manufacturing process. 
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# **MANAGEMENT**

MANAGERS' LIVES are full of paper, but what is written on it rarely gets read. Time and agaio research has shown that they do not much like reading and writing. They speak and listen instead.

Only a sharp break in executive hebits could eccount for the explosion in sales of In Search of Excellence, The One Minute Monager, and today's other chart-topping management books.

How their euthors bave overcome millions of managers' resistance to reading is, on the face of it, a mystery. They have certainly shifted away from the long-standing mainstream of business literature, which stressed the 'hard' attributes of management, notably structure, strategy and systems. Instead they stress the "soft"Ss; style, staff, skills and shared values. But little of their guidance on improving executive per-formance seems essentially

new. Take, for instance, the idea which underpins their advice on the key task of managing people. It is that executives tend to have markedly different attitudes towards the people who work for them. Some expect to catch their subordinates doing things wrong, so they concentrate on preventing faults. They could be called controllers. The others expect to catch people doing things right so

people doing things right, so they work to promote initiative. They might be called leaders. While almost all today's topselling authors encourage the leadership approach, they cannot claim credit for the underlying do. The pricing the lying idea. The originators of the two contrasting views about the nature of working humanity were two men whose works have outsold the books of all today's management gurus put to-gether, not least because they lived nearly 2,500 years ego.

The first was Plato, who taught that, apart from an elite minority, men and still more so women are by nature irresponsible and mostly need compelling to do enything positively worthy at all. The second was Aristotle, who saw people as naturally endowed with potentialities to do good things, which with guidance and encouragement they could

Although Aristotle's version has the oppeal of being opti-mistic, most management practice has enshrined the Platonic

and detailed control.

The majo modern theoretical set to decide what should be influence behind that tendency was prohably the concept of scientific management ploneered in the US by Frederick Taylor semi-mechanically by a

THE RESERVE OF THE PARTY OF THE

Michael Dixon, in the third of a series, traces the age-old routes of today's management ideas and discovers fresh

The guru factor

# Ancient wisdom with a novel twist



late in the last century. He majority of well supervised argued that companies operate "doers" helow. The two-caste most efficiently if they brack division was odopted by organidown their shopfloor work into sations outside manufacturing. repetitive tasks needing little training which can be carried out quickly to standards thet are easily policed.

Taylor's proposals chimed well with the then prevailing technology. People would in-evitably find little intrinsic interest, let alone scope, for personal development in the simplified shopfloor johs he edvocated. But the so-called deskilling was tailor-made (so tice has enshrined the Piatonic outlook. In western countries to speak) for the further at least, organisations have tended to be set up on the principle that the bulk of people work best under close and detailed control.

The major meteor theoretical to speak for the further advance of mass production.

Companies increasingly divided their employees into two castes. At the top a minority of "thinkers" were controlled to the country of the further countries to speak for the further advance of mass production.

in line with the simultaneously spreeding idea that the bureaucratic approach to getting things done was the highest form of management echievable hy humankind.

The same process also seems to have inspired a changed view of the role of executives. They were ranked among the thinking minority. But the growing body of theorists came to look on managers less and less as human individuels doing their jobs in the various ways. their jobs in the various ways they personally found best, and more and more as standard cogs in the higher workings of the organisational machine.

Indeed, soon after Taylor formulated his principles of scientific management, a Frenchman called Henri Feyol published a standard definition of

what it is that managers do. He said their work boiled down to just five essential functions: planning, organising, commanding, co-ordinating and controlling. And perhaps because the hulk of books on management have since been written by academics, who prefer ideas to he neatly packaged for examination hy the intellect, the tendency to pigeonhole managerial activities

has persisted to this day. But not all the later theorists supported relentless machine-like control. Exceptions quickly appeared, one of the most pro-minent being the human rela-tions school of the 1920s.

Its leader was Professor Elton Mayo of Harvard, who claimed that people work more productively when treated as human beings and encouraged not just with decent pay but with pleasant working conditions. The same theme was

furthered by others, including Chester Bernard, a practising top manager who has had a strongh influence on some of today's gurus. In his view the manager's prime task was allocating a wide range of "satisfactions," both intangible and concrete, to persuade workers to put hearts as well as bodies behind their employer's aims.

In the 1980s the behavioural scientist Douglas McGregor, also an American, went still farther.
He resurrected the opposed
Platonic and Aristotelian out-Platonic and Aristotelian outlooks on human nature, renaming them respectively Theory X
and Theory Y, and argued that
the pessimistic approach had
ceased to be capable of motivating the citizens of advanced
industrial societies.

He said they could no longer
he made to work well for the

He said they could no longer and will never fit the reality, be made to work well for the nor did it seem recognisable, purpose of satisfying merely basic needs such as those for food, warmth and shelter. They would respond only if their jobs are sends them home fit of the first two expected on June 200 and July 2. The fourth will be published next Monday, job often sends them home fit July 14.

steady economic growth and full employment, and ha apparently took it for granted

fast against eastern competition. Many European and US executives may well have decided that any future they have must lie in different opproaches which unlock and build on uniquely—by which they of course mean different opproaches which un-lock and build on uniquely human abilities to innovate and tailor the product or service to the special wants of individual

Another clue to the top-selling gurus' popularity is that their view of the very nature of management activity seems different from the way most pre-vious writers saw it.

Like both Plato and Aristotle. Like both Plato and Aristotle, most past management writers evidently believed that the prime buman driving force he-hind civilised progress is the rational intellect. They therefore tended to see the source of improved managing as lying in the academic-style working out of logical management theories, which could then be taught step-by-step to practising executives. executives.

The result was usually an exaggeratedly tidy, pigeonholed portrayal of managers' activites on tha lines of Fayol's definition of their five essential functions. That sort of portrayal did not and will proper fit the reality.

allowed them to achieva successively higher satisfactions, chair and complain to their initially by winning a respected spuses about the dreadful place in society, and ultimately things they have gone through. But it would be an odd executor in individually creative work.

McGregor was brandishing his optimistic torch at e time of happened today? I've had an absolute bellvful of planning. things mey have gone through. But it would be an odd executive who opened the tirade hy saying: "D'you know what's happened today? I've had an absolute bellyful of planning, organising, commanding, coordinating and controlling..."

apparently took it for granted that the henevolent conditions would continue. But in the early 1970s, just when the early 1970s, just when the terms. The reason is that the more humanistic view seemed to be gaining ground through the "quality of working life" movement and the like, the western economic climate turned cold.

The effect was the adoption by many organisations of what might be called macho-management. Its guiding dictum is that if executives have workers by the short hairs, their hearts and minds will inevitably follow.

Ordinating and controlling.

Real manegers talk about their jobs in much more human to their jobs in much more human terms. The reason is that the work is fundamentally human in nature. It does not consist only, or even largely, of solving only, or even largely, of solving already identified problems by the application of logical grocesses based on quasi-factual knowledge, as numerous management writers apparently assumed in the past. The key task is usually to find out what problems might usefully be tackled in the first place.

ence for spoken words at the expense of the written variety. Today, many managers have grown disenchanted with an allout macho approach. Which is one of the reasons why millious of them have been attracted to the more humanistic theses of the new gurus.

The best of the new gurus—The be

Another factor may be that, to western executives, a renewal of optimism has now become a necessity.

The best of the new gurus— such as Peters and Waterman, optimism has now become a necessity.

The closely controlled work— still emphasise the value of broader and more foctual information as well as logical thinking. But they seem at last also to have acknowledged the essentially intuitive aspects of each of the new gurus— the such of "Excellence," still emphasise the value of broader and more foctual information as well as logical thinking. But they seem at last essentially intuitive aspects of each of the new gurus— the such of "Excellence," still emphasise the value of broader and more foctual information as well as logical thinking. But they seem at last essentially intuitive aspects of each of the new gurus good management in practice. By doing so, if in nothing else

something poles apart from panic action—they may even have opened western doors to a touch of eastern philosophy. The implication that execu-

tives are always wrong to act in intellectual ignorance of e situation, no matter how sharp their hunch or great their experience, is directly in line with western ecademic tradi-tion. But Confucius viewed tion. But Confucus viewed ignorance as a positive force, provided that people recognise where the inevitable gaps in their knowledge lie. It is impossible to be wise, he said, without being aware not puly of what you do know but also of what you don't.

Many western leaders' mis-takes—in politics as well as business—result less from ignorance of the real facts than from their ignorance of their ignorance. So a bit of Con-fucian wisdom could be a great blessing.

#### Management abstracts

A Ten-point Guide to Buyout Success. T. Grundy in Accountancy (UK), January 1986( 2 pages).

Offers reasons for considering a management buyout and dis-cusses questions which must be answered by participants to framing buy-out. The pojots include clearance, before negotiations begin, for discussions with third parties (eg customers, work-forcee), team membership. drawing up a business plan, and negotiations with edvisers, customers, suppliers, the vendor

Diversification as a Factor in UR Industrial Strategy, J. Constable in Loog Range Planning (UK), February 1986 (8) pages).

Shows that the UK has had the highest rete of diversification among large companies in the leading industrial nations since 1950, and that this diversifica-1950, and that this diversification has largely heen achieved
through acquisition; suggests
that this has not produced
dominant international businesses and has left a weakened
small company sector; argues
that the emphasis ought to have
been on effective internal
development rather than on
acquisition and apparent acquisition and apparent growth.

Factors Which Influence Quality Circle Soccess. B. G. Dale & J. Lees in International Journal of Operations & Pro-duction Management (UK) (12 pages).

Analyses quality circle data (obtained from over 100 manu-facturing companies over the past four years) to classify programme's success, failure or survival. Establishes factors important to long-term success, including the adherence to circle rules, the ability of circle members to work together, a "total" organisational approach to quality, and io-depth understanding of quality management; concludes that the lack of clearcut differences between success, failure and survival is revealing. Emphasises that companies with well-rooted and flourishing programmes started circles as past four years) to classify proprogrammes started circles as part of a strategy for employee development and participation, rather than for cost-saving

Thèse abstracts are condensed from the abstracting journals published by Anber Management Publications, Licensed apples of the original articles may be obtained at a cost of £4 each (Including VAT and p & p; cash with profer i from Anber, PO Box 23, Wambley NAS BOA.



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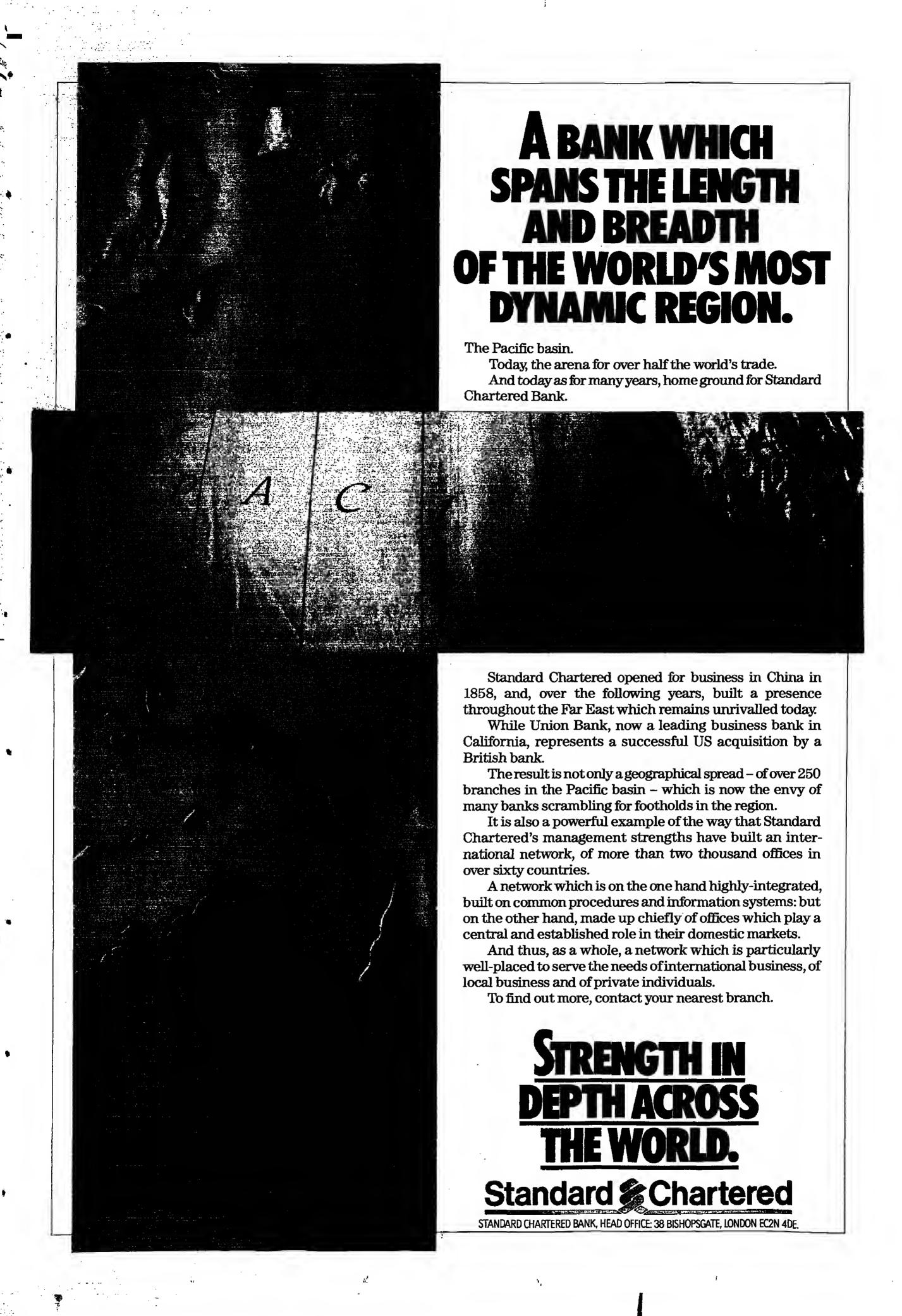
FOR BUSINESS

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# WE HAVE BEEN

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### MONTE DEI PASCHI DI SIENA

1985 ACCOUNTS	LIL BN	Variation over 1984
Due to customers	18,577	+ 17.44%
Mortgage bonds and debentures	2,508	+ 9.71%
Net worth and allowances for possible credit losses	2,887	+ 29.22%
Total sources of funds	39,421	+ 13.58%
Loans and advances to customers	11,101	+ 18.30%
Security holdings	10,263	<b>– 11.63%</b>
Net income for the year	179	+193.01%



The MPS Banking Group is composed of Monte dei Paschi di Siena, Banca Toscana, Credito Commerciale, Credito Lombardo and Italian International Bank PLC. The total sources of funds at year end 1985 amounted to approximately Ltt.51,000 billion, the net worth was Ltc.4,535 billion.

# INTERNATIONAL APPOINTMENTS

# National Steel board moyes include president

been appointed president of pharmaceuticals concern. National Steel, the Pittsburg-

Mr Hagiwara, 62, has already based concern owned jointly by taken up his new duties.

tion path aimed at taking it out man of National Steel, in place

MR KOKICHI HAGIWARA has FoxMeyer, the Denver-based other Nippon Kokan sub-Mr Selichi Muto, 56, also

joins the National Steel board. Mr Yukio Tani has left the National Intergroup of the US although he does not arrive in board to become managing and Nippon Kokan of Japan.

Pittsburgh from Nippon director of Nippon Tokyo. National Intergroup sold a Kokan's Tokyo office until steel division, based in Tokyo haif interest in National Steel Thursday. Nippon Kokan has Mr Sosuke Doi has resigned to Nippon Kokan in 1984, and also brought Mr Sachio Hatori, Steel, but will remain execution and classification and c tive vice-president.
Mr Howard M. Love, of the metals field. Earlier this of Mr Haruki Kamiya, who chairman of National Inter-year, it agreed a \$350m bid for moves to become chairman of group, continues as chairman.

# Salomon Brothers global role

Salomon has appointed Mr Toshihide Sakamoto, formerly in charge of marketing Japanese equity securities to Tokyoese equity securities to Tokyobased institutions overseas for
Yamaichi Securities Company—
one of the Big Four Japanese
securities houses— to the post
of vice president at Salomon
Brothers Asia.

marketing of Japanese equity last year.

securities for its Tokyo affiliate
in a move to increase its global announced its intention to concoverage of international equity
markets, reports Reuter from presence in the equities markets. amounced as mention to con-tinue its efforts to increase its presence in the equities mar-kets in Tokyo and said it would press to obtain a seat on the exchange later.

exchange later.

In retaining a prominent
Ispanese equities salesman,
Salomon is following the path
of Japanese concerns seeking to break into the US securities

SALOMON BROTHERS, the fully to become one of the first including former officials of the Wali Street investment house, foreign firms to buy a seat on Federal Reserva and Treasury, has retained an expert in the Tokyo Stock Exchange late as part of their efforts to become primary dealers in government bonds here.

Mr Simon Gerard Thomas has

also joined Salomon Brothers Asia, as an international equity analyst responsible for pharma-ceutical and foodstuff coverage. as part of Salomon's move to increase coverage of inter-

national equity markets.

Mr Thomas, 27, was an analyst in the International Research Department of Sanyo Securities in Tokyo, from 1931 to 1985, and more recently was associated. vice president at Salomon
The four largest Japanese and more recently houses have retained prominent ciated with Render Salomon sought unsuccess. US bond traders and analysts, tration in London. and more recently, was asso ciated with Henderson Adminis

# New chief for Daiwa Europe

the Japanese securities house has appointed Mr Minoru Mori, general manager of the international investment banking representative office, has moved departments, as managing director of Daiwa Europe in London. He tor of Daiwa Europe in London. He is succession to Mr Katsuhiko fuljimoto, who returns to Tokyo to assume the position left by Mr Tadanori Urabe, chief representative Sno Penlo representative Sno Penlo representative Sno Penlo representative of the Bahrain representative office, has moved to Daiwa Europe in London. He is succession to Mr Katsuhiko deputy general manager, Daiwa Europe.

Mr Sakae Nakamura, chief

Fulfimoto, who returns to Tokyo to assume the position left by Mr Tadanori Urabe, chief representative of the Paris representative office, has been transferred to the Research Department in Tokyo as general manager, succeeding Mr Akio Koino, who returns to the Daiwe Securities Research Institute.

Europe.

Mr Tadanori Urabe, chief representative, Sao Paulo representative, Sao Paulo representative, Sao Paulo representative, Sao Paulo.

joined the New York Fed in 1962 as a researcher and rose to become manager of its foreign operations and was senior vice president when he left in 1981.

HILL & KNOWLTON, the JWT group public relations concern, has eppointed Mr Richard Cheney, 64, as chairman-elect, to succeed Mr Loet A. Velmans when Mr Velmans retires on

search Department in Tokyo as general manager, succeeding Mr Akio Koino, who returns to the Daiwe Securities Research Institute.

Mr Masayasu Ohi, chief representative of the Brussels representative of the Brussels representative office, moves to Paris to succeed Mr Mogi. Mr Hidehiro Katsumata, international factorial investment banking department, succeeds Mr Urabe department department, succeeds Mr Urabe department department department department department department department

# Top change in ATT and Philips venture

AMERICAN TELEPHONE and Telegraph Company has an-nounced the appointment of Mr Eugene J. Eckel president and chief executive officer of AT & T and Philips, as telecommunications equipment toint communications equipment four venture with NV Philips, of the Netherlands, from August 1.

Mr Eckel, 62. is currently vice president, manufacturing, of AT & Ts network systems unit. He succeeds Mr Alexander C. Stark Jr., 53, who returns to the US to become a senior vice resident of AT & T Communithe US to become a senior vice president of AT & T Communications and Information Systems. Mr Stark will report to Mr Sam R. Willcoxon, president of AT & Ts business markets group, which under a recent reorganisation is charged with developing and selling long-distance services, computers and telecommunications gear to businesses with more than 60 phone lines.

# American Motors

Canada switch AMERICAN MOTORS Canada AMERICAN MOTORS Canada, wholly owned by American Motors Corporation of Wisconsin, the fourth largest US car maker, hes appointed Mr Ronald Hogue president, in succession to Mr William Carroll, who has been appointed North American general sales menager, reports Reuter from Brampton, Ontario.

Mr Hogue was formerly American Motors' director of North American dealer investment.

**Emery Air Freight** European sales post EMERY AIR FREIGHT COL poration has announced the appointment of Mr Jan Schenkels as sales manager at its European headquarters in Zurich. Mr Schenkels joins Emery's European sector office from the corporation's head-quarters in Wilton, Connecticut. Emery has recently completed a review of its product range and has launched new services on



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## Architecture/Colin Amery

# Profession honours Isosaki

The award of the Royal Gold tecture, and in his work he industrial cities. Looking back Medal for Architecture, since it bridges most convincingly the on some of their designs of that was established by Queen Victoria in 1848, has always been West. West. which industrial cities. Looking back on some of their designs of that period, in the 1960s, it is possible to see some terrifying. given to the most remarkable architects from all over the world. However, many of the names on the list are now forgotten. Who thinks of August Stuler of Germany or Frank Darling of Canada any more?

ahly produce a list that is subject to the breezes of fashion and mood. This year's winner is and mood. This year's winner is was a prominent member was a prominent that responded to the economic miracle that was the great achievement of contemporary Japan.

Both Tange and Isosaki were prominent in the efforts to find ways of dealing with the massive overcrowding in Japanese

lnhuman visions.

indeterminate.

longer deal with simple things

It is the design that did not win, but probably should have done. It is for the new Tokyo Civic Hall, and it has been des-

cribed as a cross between Piranesi and Boulee.

a sphere and e pyramid and have in its centre a giant civic space surrounded by galleries. The quality of the silk screen presentations make this the most colourful and elegant applications.

architectural exhibitions for

Of the successfully hullt schemes, the Tsukuba Civic centre has incorporated into its

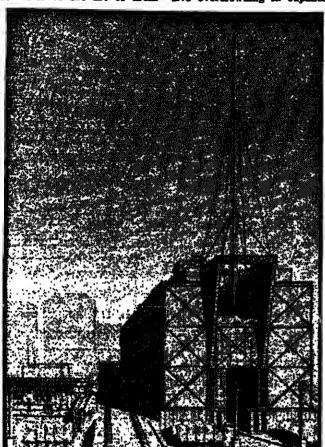
centre has incorporated into its design the floor of the Campldoglin in Rome, and a remarkable and elegant series of simpla geometric forms around this space. Tha great double cantilever of the Kitakyusha City Art in Takasaki both have all the elegance of the Lapanese tradition

some time.

The comparatively low huild-

After graduation he worked for some years in Tokyo for the great 20th century Japanese architect Kenzo Tange. Tange was never afraid of monumental Stuler of Germany or Frank Darling of Canada any more?
More recently, who can plcture in his mind's eye one single building hy the winner of the medal in 1963, the late Lord Holford?

The selection by the profession of one of its number to honour each year will inevitably produce a list that Is subject to the breezes of fashion and his team, of which Isosaki



A scheme for Tokyo City Hall by Arata Isosaki blend of classicism and technology

### I'm Not Rappaport/Apollo

July 10 1971. Midge looks interested. "Was your wife still alive?" he asks. "I certainly hope to " tainly hope so.

Herh Gardner's Tony Awardwinning play arrives in the West End from Seattle vie Broadway and the Birmingham Rep. It is an engaging and with text about sending and with text about sending, a sort of Zoo Story for the elderly. Godot for the gaga. If The Shrew is sexist, The Doll's House feminist, and Snow While and the Seven Duwrfs size ist, Rappaport is age ist. Old Not repels his daughter who wants to put him in a Hnme for the Ridiculnus; a mugger who wants to walk him home

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**Michael Coveney** 

amnesia and ramhling inven-tion. We see Scofield and his psrtner Howard Rollins resuming gentilities on the bench:
"Where was 1?" asks Scofield, wohhling like a jelly and squinting through his granite mask before launching into his exploits as an under-cover agent is hullying money from his art student girlfriend.

He does so, with hlack Midge as his audience and reluctant stooge, in a variety of aliases rake a false move.

In supplementing Frank Lipsuis's praise on this page for the play in New York, I would say that it does more than just show the oldsters fighting back. It dignifies the process of dementia by elaborating poetically on the symptoms of the symptoms and the symptoms and the symptoms and the symptoms and the symptoms of bark of languter.

Daniel Sullivan's production
has good support from Dorian
Healey as the mugger and
Michael Melia as a hideously violent urban comboy. An atmo-spheric antumnal Central Park setting is designed by Tony Walton and the good costumes by Liz Da Costa—Scofield's large-checked suit and hlack heret complete the Image of com-

political struggle in the New York fur trade. Beaten by the mugger, Paul Scofield as Nat hobbies on after the interval "putting on the Ritz" in a walking frame.

In supplementing Frank Lipsuis's Draise on the Ritz and Rollins and declares that he is supplementing Frank Lipsuis's Draise on the Ritz and Rollins and declares that he is supplementing Frank Lipsuis's Draise on the Ritz and Rollins and declares that he is supplementing Frank Lipsuis's Draise on the Ritz and Rollins and declares that he is supplementing Frank Lipsuis's Draise on the Ritz and Rollins and declares that he is supplementing Frank Lipsuis's Draise on the Ritz and Rollins and declares that he is supplementing Frank Lipsuis's Draise on the Ritz and Rollins an Two old men on a park bench satelliting around an invented This is as much a tribute to in New York. Both in their personal history of glorious Mr Gardner as it is to the eighties. Nat recalls that the political struggle in the New actors. The double act is a

pulsive Jewish story-teller. He and Mr Rollins—who has some wonderful moments of baffled, rotating incredulity—are delightful advocates for the crumbling hip generation.

scarcely mattered. It was easy the very silm indeed, he has carried the day nonetheless, on on and off over the years, with instrumental parts laid out like road maps and fragments of drollary. His discovery in the crumbling hip generation.

Gershwin's opera, conducted by Simon Rattle, produced by Trevor Nunn, designed by John Gunter, and sponsored by Citicorp, opened at Glyndebourne on Saturday. This was the first British opera-house staging of the work; and at the close of a long evening, and of a perform-Both Tange and Isosaki were close to a group of Japanese nrbanists who called themselves the "Metabolists." Their great ance, given without cuts, that hed flowered into splendour well before the end, the euditheories wanted architecture to reflect what they called ence (critics included) stood "dynamic reality." They felt and cheered themselves hoarse, that architecture should no many with tears streaming

Wilfrid Mellers, in Music in

down their feces.

like form and function. Instead they wanted their creations to n New Found Land, wisely judges the opera thus: "There are greater 20th century operas: be totally concerned with the idea of flexible space. Isosaki designed at this phase but not one which offers more of his career some groups of apartments that resembled nothing more than giant mush-rooms. Sprouting from the nuderaide of these strange fungi were pod-like nodules where the unfortunate inhabitants had to live. Metaholism had a great deal to do with movement. Cities, and even architecture. of the qualities that opera used to have in its heyday, and must heve again if it is to survive. Gershwin's Porgy, lika the operae of Mozart or Verdi, is at once a social act, an entertainment, and a human experience with unexpectedly disturbing implications." The Glynde-bourne performance worked to live. Metaholism had a great deal to do with movement. Cities, and even architecture, were to be mobile and bourne performance worked to vindicate every clause and particle of that judgment: it is clear that only the hothouse conditions of such e festival could have produced eo minutely judged, lovingly achieved a reexamination—and one's only real regret about the evening is that it is unavailable to the whole wide world outside tha Glyndebourna hothouse.

The Portur "problems" are Luckily for all of us, Isosaki recovared from this phase, although, rightly, he did not reject its better elements. Today his work is rather hybrid. One of Isosaki's latest works will be on show latar this week at the 9H Gallery (for details telephone 486 3555; 26 Cramer Street, London W1).

The Porty "problems" quickly summed up and despatched — and, because of Rattle's (and tha LPO's) supremely eloquent advocacy of the music, and Nunn's painstakingly detailed yet imagina-tively broad approach to the lively broad approach to the libretto, the performance enabled one to do with them just that. The orchestration is heavily padded, insistent, overworked: even a conductor with Rattle's balancing skills could not prevent some of the vocal librar from being ownelled and

## Porgy and Bess/Glyndebourne

Max Loppert



The Crap Game-left to right: Gregg Baker, Bruce Hubbard and Willard White

Godunov, Louise, The Firebird, Daphnis and Ghloë, Tiebland, Koanga, and Wozzeck), Gersh-win overstretched his composi-tional technique; that wonderful passages are crudely joined to less wonderful "filing-in" ones; and that hecause of these musical disparities the dramatic progression tends to give way to a succession of loose episodes.

The production does not totally rebut conventional wisdom, but it makes the strengths of the piece seem so strong—the sense of community and shared existence, tha fine-threaded tapestry of individual characterisations, tha great title roles, and the flood of memorable, humane, warming melody

pokily used, with cramped divi-eions of the action and stagey presentation of the hit-parts. Glyndebouroe's history. The Thereafter, expert lighting chorus, though not yet slwsys broadens everything out, the versatility of the set design becomes evident, and one soon

The worrying aspects of the libretto—the broad comic inin was therefore a tribute to those skills that in the small theatre the volume of sound was almost always held just this side of the bearable.

Conventional Porgy wisdom holds that, in pursuing bls etated aim of combining Garmen with Meistersinger (and, he might have added, with Boris

and shared existence, tha fine threaded tapestry of individual characterisations, tha great title facely stigmatised (hy Duke first the sertions, part of what were once firecely stigmatised (hy Duke claimant, pursuing bls energy triumphant.

At first it appeared that this hoped-for triumph might not be inevitable. Act 1 scene 1, the most discursive part of the whole work, finds the Catfish richly of it; at the end, it'e a shock to leave the theatre.

at one with the orchestra, is vibrant (the storm prayers reverberate with alarm convicbecomes evident, and one soon reverberate with alarm convictomes to appreciate the care tion); there are so many excelusith which a living, hreathing lent small performances that community hee been created. (The lingo has been helpfully adequately. And the cast, largely from the US, is without weakness. Bruce Hubbsrd (Jake) and Gregg Baker (Crown) hoth come to Glyndebrures, are vividly delinested. The worrying aspects of the Metropolitan production and Metropolitan production, and Willard White has sung Porgy hoth in concert performance and on the 1976 Decca recording: otherwise It is a collection tributions, everywhere balanced by the same dignity, depth, and rightness of dramatic scale.

exaggerated playing and sing-ing of Marietta Simpson. Harolyn Blackwell (Clara) sings
"Summertime" exquisitely,
hss a face of hearthreaking sweetness, and lights up the stage with every appearance. Cynthia Cisrey's Serena, a little tight in top notes, is a figure of unmetakeable authority, and proud, erect presence. On Satur-day, although Cynthia Haymon's voice was not always evenly produced, alluring phrases heing followed by reticent ones (and her words were often unclear), she had judged Bess's difficult character to move from vulgar exuberance to lender froity without also registers.

vulgar exuberance to lender frailty without ever sacrificing credibility or sympsthy.

Among the men Hubbard's Jake is outstanding for relaxed, glowing sound. Crown, that rather tiresome post-Nietz schean glant with his windy rampsging and his buttonholling familiarity with the Almighty, is magnificently embodied in the mighty figure of Gregg Baker, who could afford to spare his voice a little more in this small theatre. Damon Evane' Sportin' Life is hrilliant—cool, gleaming with mocking intelligence, and very strongly sung.

But all pale hefore Porgy himself. Gone are the cart sud himself. Gone are the cart sud goat, and they are unregretted: there is nothing cosy or vignette-like about this handsome middle-aged man hearing himself on one terribly twisted leg. He demands serious attention from his first entry, and Willard White rewards it with a performance of elowly unfolding warmth, generosity, and ing warmth, generosity, and final gut-wrenching heroism that stirs the audience to the depths of its heing.

In his decade on the London stages Mr White has been waiting for a role fully worthy of his gifts. Now it comes to him in his prime. The singing was subtle, lustrous and tireless on a grand scale (is this the next British Wotsn?); the acting moved into that area of pro-found identification of s player with a part that one experiences by the same dignity, depth, and rightness of dramatic scale.

So Maria's arms-akimbo comedy loses its hurlesque hlatancy in the ripe but unsuppose to the same dignity, depth, and rightness of dramatic scale.

So Maria's arms-akimbo him the whole glorious enterprise takes its very special stamp.

## Bussotti/Almeida Festival

#### **Andrew Clements**

gance of the Japanese tradition as well as the technological smoothness we expect from almost everything made in Japan. Classical Western influences have met their match in Isosaki. He is certainly one of the key figures of contemporary architecture. At only 55 he is still in his prime. ally generous triple-decker prohis generation it is hard to hear
gramme dipped a modest toe
his pieces now without a faint
into the exotic, over-heated
world of Bussotti.

> (1978), also exists io a stage version which requires "s multiplicity of forms! dancing couples of any (sic) sex." It was given here without such sppurtenances, and proved to he a fairly unrewarding intro-duction to Bussotti's more recent etyle, which seems to want to embrace neo-romanti-cism, without ever quita relinquishing its fondness for post-Webero pointillism.

> The Almeida programme book is chronically weak nn dates, but for Bussotti it scarcely mattered. It was easy to place the Phrase d trois at

With Italian music taking over the Almeida for the last week of the festival, on Thursday Giacinto Scelsi yielded to Sylvano Bossotti as the Italian "Master" (the Almeida's term) in residence. The Arditti Quartet were the performers, and the first part of their typlealty generous triple-decker programme dipped a modest toe must have heard two dozen must have heard two dozen feeld up to fashlon, Bussottl Bussottl pieces, large and small, over the past 20 years. Some of them looked very pretty, either in score or in the manner of their performance; but it is no exaggeration to say that none of them, large or small, has some of them, large or small, has not merely a composer, but is single measure of memorable

not merely a composer, but is also (in his own estimation) a distinguished painter, poet, actor, film and stage director, designer, and polemical essayist, hailed in his own country (chiefly hy his own courtiers) as a new "Renaissance Man." (the same of the almost anything went, and almost anything was possible, as long as the claim was sufficiently extravagant, and the tone of voice sufficiently strident.

Bussotti undmuhtedly has a talent for presentation. Even where the sctual artistic sub-stance of what he offers may

The Manson Ensemble, conducted at approprite moments by Guy Protheroe, gave performances of admirable — In the circumstances one can hardly say "accuracy" — concentration and dedication. But nothing could hide, or compensate the the heaves of size of sate for, the absence of cant musical invention in the pieces they played. A catalogue would labour the point, which is pointless: enough sald.

# Verdi Requiem/Albert Hall

#### Max Loppert

Friday's lucid, expertly pre-pared Verdi Requiem was invisibili e lontani, as requested, mounted to celebrate the Royal proved all themore surprising). Philharmonic Society's forth-coming 175th season (and in aid coming 175th season (and in aid of the RPS charity fund). Lorin Mazzel, made an honorary member of thesociety for the occasion, conducted a massive and excellent choir comhined from Royal Choral Society, London Symphony, and London Philharmonic forces; the orchestra was the Philharmonia forces; the orchestra convenity would make

in London. Maazel's detached, fingers- on- the- control- button conducting manner usually means that similation for the technical mastery of a perform-anca precedes emotional involvement in the music. Yet the unhurried, scrupulously precise unhurried, scrupulously precise maton set at mezzoforic. And laying-out of thesound-canvas and the huge range of Verdian dynamics can be relied upon, it this ball to easily its own. dynamics can be relied upon, scant regard for nicetles of in this ball, to carry its own dynamics or intonation. With kind of thrill. (Such close attention was paid to the markings verdian purpose was out of the of the score that the failure to question.

The soloists promised more on paper than they delivered in performance. The unscheduled soprsno, Carol Vaness (replac-ing Gabriels Benackovs), was was the Philharmonia.

All were in virtuoso command of a score which always sounds better here than anywhere else the London Mazzel's detached.

The frayed sound of Lucia Vslentini's lowest and highest

notes was saddening, though in hetween she worked up some opulent phrases. The tenor, Francisco Araïza, was true of pitch (useful in unsecompanied expressive, and operatic auto-

#### Rod Stewart/Wembley Stadium

#### **Antony Thorncroft**

obsessions about Scottish foothall and leggy hlondes, should
arouse euch enthusiasm, hut in
(now that his vnice More to the point he climaxed

sclerosis. It could have been painful, Lane escorted in a stool,

stars Rod Stewart looks sickeningly perky for his 41 years. He
has cut down, thankfully, on
some of his strutting around the
stage, but be still tosses the

Wemhley Stadium is turning mike stand to the heavens; kicks into the transit lounge of British footballs into the crowd; and pop. Last weekend there were shakes his bottom. And he still tears (of relief?) for the departure of Wham; this weekend many of his splendid slower
there were more heart-felt tears
of emotion as we welcomed back "Sailing," he just winds it up Rod Stewart. It is surprising and lets the thousands sing them that the cocky coxcomb, with his for him, it creates a warm, con-

Rod Stewart's greatest asset his first British appearance in an octave and lost its Woodhine rasp) is his material. As the old favourites poured out-"Some his two hours hy hringing on guys have all the luck"; "Baby his old mates from the Small Jane"—with their insid\_ous Faces, including Ronnie Lane. chruses, it is impossible not to now suffering from multiple raise a hesitant voice with raise a hesitant voice with 70,000-odd others. And, as we painful, Lane escorted in a stool, beating his thigh limply and singing fitfully: hut as the other Faces encouraged him the occasion became pop at its most idealistic and chummy, another miracle of "St" Bob Geldof.

Title most bear limited for the stage, or changes into his tartan jacket, or just looks pleased with himself as he has every right to. Rod Stewart has been out of fashion too long; on Saturday night he rearest has Like most hard-living rock as one of rock'e great showmen.

Chinese dancers for Britain

# John Dexter to

The Central Ballet of China with Eddie Kulukundis formed

The Sadier's Wells Royal Miss Verity Hudson has Ballet plans to visit China in become the first female presi-

#### direct New Theatre John Dexter who, together

will make its British debut at London's Sadler's Wells Theatre
London's Sadler's Wells Theatre
The Company, will direct its first production, T. S. Eliot's The Cocktail Porty. he Queen's visit to China.

The performances are being company in the cast are Alec McCowen, Sheila Glsh, Simon Ward, Rachel Kempson, Sheila Allen, Rohert Eddison, and Stephen Boxer.

#### SWET's female

president

1988 under the Anglo-Chinese dent of the Society of West End cultural exchange programme. Thaatres in its 78-year history.

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pears each Friday.

#### Music

STALY Rome: Piazza del Campidoglio: The St Cecilia orchestra conducted by Ra-fael Prübbeck de Burgos in Pou-lenc's concerto for two pianos (with soloista Gino Gorini and Engenio Bagnoli), and Orff's Carmina Bure-te or the program Landa Bures. Hagnon), and Orirs Carmina Bura-ne with soprano Lynda Russel, ten-or Peter Hall and baritone Stephen Roberts (Wed, Thur). (854 1044). Macerata: Arena Sferisterio: The Lon-don Symphony Orehestra conducted by Lorin Maszel (Sm). (4 95 06).

FRANCE

FRANCE

Solly-sur-Lokre (July 4-Aug 2): Chamber music by Quatuor Brandis, Prague Suk Quatuor, Salzburg's Mozartsum's Camerata Academica, Teresa Berganza recital, Aldo Cicolini's and Alexis Weissenberg's piano recital alternate with La Nuit du Jazz, the Cambridge Buskers and orchestra playing Verdi's Requiem, Besthoven, Wagner and Prokutiev (3838 2946).

Vaison la Remeine (July 6-Aug 1): The Theatre Antique is a perfect backdrop not only for Maurice Bejart's ballet, Solrée Lifar and Maguy Marin's company but for Moscow's Virtuosos, Lyon's Opera Orchestra conducted by Stefan Solless, with François-Rene Duchable as soloist in a Liszt concert, and Romania's State Orchestra ending the festival with Beethoven's 9th Symphony goes 1655 9th Symphony

Beethoven's 9th Symphony (2008 0625). Festival Mediterranean from the Pyrenees to the Cote d'Azur (July 5-Ang 29). Perpignan: Orchestras from Toulouse, Strasbourg, Lyons, and the London Symphony Orchestra conducted by Lorin Mazzel, America Veneza Warner and Strasbourg, military and proposed the Conference of the Conf

Estagel: Miquel-Angel Estrella, pia-no. Saint Jean Cap Ferrat: Ruggero Raimondi, baritone. Cassis: Acade-Raimondi, baritone, Cassis: Academy of St Martin in the Fields. Salam de Provence: Montsersat Caballe, soprano, Jean-Pierre Rampal, finte, Marielle Nordmann, harp, Alexis Weissenberg, piano. Cap d'Adge: Eda Moser, soprano, Moscow Virtuosos, Viadimir Spivakov, and Barbara Hendricky varial ra Hendricks recital.

#### BRUSSELS

Festival of Wallonia: Liège Soloists
Ensemble conducted by Paul Ferrington with Carol LeCaa, soprano:
Grètry, Gould, Schubert, Copland,
Mozart (Sat), Huy-Durbuy. RLT
Symphony Orchestra conducted by
Andre Vandernoot with Jean Claude
Van den Eyden, plano: Lizzt (Sat),
St Hubert, Lithuanian Chamber Orchestra with Charles Wieder, violin:
Mozart, Curtonis, Bajoras, Tchai-Mozart, Curtonis, Bajoras, Tchai-kovsky (Sun), Florenville.

NETHERLANDS

materdam, Nieuws Kerk: organ reci-tal by Remy Syrier. D'Attaignant, Muffat, Bach (Thur). (208 108).

SPAIN

Granada's international festival conchides next week with an interesting programme: Monday, the Jorde (Joven Orquests Nacional de Espa-na) conducted by Jesus Lopez Cobos will perform Mozart's Il Seragio in will perform Mozarts il Seragio m a co-production with Berlin Opera. Tuesday, Berliner Straich Quintett, Mozart. Wednesday: cellist Carlos Prieto accompanied by pianist An-gel Soler; Shostakovich, Beethoven, Ernesto Halfiter and Kodaly. Thursday: Orquesta de la RTVE conducted by Granadino Miguel Angel Gomez Martinez: Beethoven's nine symphonies, today being no 1 and 3. All concerts in delightful setting. The Alhambra, Moorish palace in Patio de Los Arrayanes. (22 52 01). LONDON

Loudon Philharmonic Orchestra, con-ductor Klaus Tennstedt with Peter Donohoe, piano: Brahms. Festival Hall (Wed). Bissiko Uchida Mozart Cycle with the English Chamber Orchestra and

Angush Chamber Orchestra and Wind Ensemble: Mozart, Stravin-sky. Elizabeth Hall (Thur). hillagraponia Orchestra, conductor Si-mon Rattie with Maria Ewing, mez-zo-soprano: Debussy, Ravel, Boulez. Festival Hall (Thur).

Budapest Symphony Orchestra conducted by Neithard Bethke. Händel, Haydn, Jongen. Konzerthaus, (72 12 11). (Sat). Vienna Symphony Orchestra conducted by Zdenek Kosler: Mozart, Tchaikovsky. Arkadenhof (part of Music Summer Festival: 42 808/2085 and /2085). (Tue). Berliner Oktett: Weber, Beethoven, Schoenbrunn Palace (Music Sum-Schoenbrunn Palace (Music Sum-

mer Fest, (Wed).

Tenna Symphony Orchestra conducted by Ken Takaseki with Philip
Entremont, piano: Hueber, Ravel, Beethoven. Arkadenhof (Thur).

**NEW YORK** 

Mostly Mozart Festival (Avery Fisher Hall): Gerard Schwarz conducting. Erie Mills soprano, Carol Wincene flute, Heidi Lehwalder harp. All-Mo-zart concert to kick off the 20th puniversary two-month season (Mon & Wed); Cleudio Scimone conducting, Michala Petri recorder. All-Viv-aldi concert (Thur). Lincoln Center (874 2424).

lummer Festival (Concert Hall): High-lighted by a visit from the Newport Folk Festival in August, this sum-mer-long string of popular singers and musicians includes recital per-formances Neil Sedaka, Shirley Bassey, Dionne Warwick and Petula Clark. Ends Ang 27. Ravinia Festival: The 51st seas honouring Mozart and the 230th an-niversary of his birth and Lizzt on the 100th anniversary of his death,

the 100th anniversary of his death, continues with a recital by Jan De-Gaetani, mezzo-soprano and Gilbert Kalish, piano. Mahler, Crumb, Poulenc, Rachmaninov, Ives (Tue); Preservation Hall Jazz Band (Wed); Ario Guthrie/Pate Seeger (Thur). Highland Park. (728 4642). TOKYO

Frederica von Stade, mezzo-soprano: Mozart, Mahler, Fauré. Tokyo Hito-mi Memorial Hall, Showa Women's College, near Sangenjaya (Tue). (571 1699; 545 8348/9348). Sironaka Takashi, piano: Beethoven, Brahms, Chopin. Tokyn Bunka Kai-kan Recital Hall (Wed). (571 1689; cer 1999).

USSR Ministry of Culture State Symphony Orchestra, conducted by Rozhdestvensky with Victoria Postnikova, piano: Prokofiev, Tchaikovsky, Shostakovich. Opening concert of Tokyo Summer Festival 85 with

this year's theme, Russian music. Tokyo Bunka Kaikan Hall (Wed). (237 9990; 980 6060).

in the autumn. The company's in the autumn. The company's which comes to the Phoenix three-week season starts on Theatre on July 23 after a week October 2-the same month as at the Bath Theatre Royal. the Queen's visit to China. financed by a £52,000 sponsor-ship deal with Cable and Wire-

The announcement follows the recent £500,000 business sponsorship deal which saved Sadler's Wells from closure.

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# **FINANCIAL TIMES**

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Monday July 7 1986

# Flight from quality

the-counter market adminis-tered by the National Association of Securities Dealers. Both have adopted a less rigorous attitude than the NYSE to the principle of one share, one vote. So there was a serious risk that some of America's higgest cor-porationa might have heen tempted to forsake the Big Board (and could still be tempted if the Securities and

Deregulation and the interna-tionalisation of securines mar-kets are producing similar pressure for lower standards elsewhere. In Britain the domestic corporate hond merket has been inert for years. But as the latest Lloyds Bank Economic Bulletin points out, the Eurobond market is expected to provide British industrial and commercial companies with around £4hn of new funds this year, about half of that in ster-ling. Part of the explanation ling. Part of the explanation lies in the lower costs, absence of restrictive covensnts and greater flexibility that the relatively unregulated Eurobond market offers to companies. Companies are voting with their fact

#### Improved liquidity

LAST WEEK'S decision by the Nor is the process totally one-New York Stock Exchange to sided. The internationalisation permit the listing of shares of securities markets ought to with unequal or no voting provide the investor with inrights was not good news for the investment fraternity. But it was probably inevitable, and also symptomatic of the way the wind is hlowing in securities markets across the world.

The New York Stock Exchange faces a competitive challenge from the American Stock Exchange and the overthe-counter market adminis-

#### Orderly markets

If that risk is to be avoided, co-ordination between diff-rent national regulstory authorities, especially in relation to insider dealing and fraud, is obviously desirable. Yet it is questionable whether internstional cooperation can he taken as far, in the securities area, as in banking. Agreements on leoder of last resort arrangements tempted if the Securities and of last resort arrangements approve the change) in a climate where the activities of corporate raiders bave enhanced the attractions of nonvoting shares.

Deregulation and the international financial system. By contrast, governments are comparing in securities business to peting in securities business to offer lower regulatory standards in order to win international husiness from competing financial centres,

It follows that the onus must, to some extent, lie on the larger corporations to decide how far to push for relaxations in list-ing requirements and on institutional investors to decide how far to accept an erosion of their rights under existing regula-tions and practices. While both have an interest in orderly mar-kets, they may also be tempted to take too short term a view.

This is particularly true of institutional investors, whose sctions are heavily influenced hy the growth of short term per-formance measurement. Yet It would prohably be going too far to argue that deregulation has spawned a new version of Gresham's Law in which had paper drives out good. The shift in the balance of power away from investors towards the corporate borrower or issuer of when liquidity sometimes turns capital is welcome to the extent out to be illusory. It is a lesson to the order of the extent out to be illusory. It is a lesson to the order of the extent out to be illusory. It is a lesson to the order of the extent out to be illusory. It is a lesson to the order of those who are prepared cheer those who are prepared cheer those who are prepared cheer fully to accept an erosion in the quality of their investments of sound listing requirement. Yet those who are prepared cheer fully to accept an erosion in the quality of their investments of sound listing requirements. capital is welcome to the extent out to be illusory. It is a lesson that ease of access to the mar-that investors forget at their

# -Water under the bridge

THE BRITISH Government's decision to postpone the pri-water Bill, some of the vatisation of the water industry is welcome io a number of ohvious resource to privatise in the first place. Because it is a commodity by which everyone is affected, it arouses all sorts of emotions. The necessary legislation would be the commodity to the necessary legislation would be the common to the common term of the common te of emotions. The necessary legislation would have heen complex and contentious and would have taken a great deat of psrlismentary time in what might be the last full session the concerns looked like panic. It is after the Government with ministers were lost merely because no one seemed to be in control of the government machine. The retreat on the disposal of parts of BL to US concerns looked like panic, It has left the Government with hefore the next general elec-tion. The House of Lords would almost certainly have and the problems of RI. In the uion. The House of Lords would almost certainly have put its oar in, causing yet more emharrassments for a government that has had legislative problems enough in the past two

It msy he asked why the Goveriment was so foolish as to have ever promised the measure when the difficulties were foreseeable and the rewards uncertain. All that, however, is now water under the hridge. The Government deserves et least some marks for discretion, even et this late stage in the day. some marks for discretion, even this late stage in the day.

There have heen one or two other signs lately that Mrs administration has administration has administration has a loss of direction. Even what is presently passing through Parliament and the conthrough Parliament and the con-tents of the next Queen's that has a strategy for the Speech. The most strategy as 1980s, let alone the 1990s. Speech. The most striking was the Prime Minister's decision last month to appoint a com-mittee of senior Cahinet minis-

member of the strategy committee, was houest enough to admit in a speech last week that political parties to think about. the Conservatives heve only half-fulfilled the amhltions they bad when they came to power in 1979. "Recovering lost ground," he said, "is never as easy as losing it. Britain had spent many years sliding down the league of internetional prosperity. Today our relative decline has been halted. But we are still failing to grasp our chences of climbing back up the international performance

league."
That is quite true. What is new is the realisation on the Tories' part thet to win a third term they cannot simply rely on the epproach to the general election of 1983, which was essentially one of capitalising become more pragmatic. Not on the Falklands war and splits least, the Tories have still failed in the opposition, then cohhling a manifesto together and going to the country as soon as pos-sible. They need to pause and think, to hegin egain to try to dooe everyone a service hy distinguish the wood from the taking the mind off privatising

Unlike the dropping of the recent months have been regrettable. The Westland affair was

of a Government that, for all

leaving aside the key question of unemployment, this does not

A pause for thought and a relatively light Queen's Speech in the autumn ought therefore to he in the Conservatives' best ters, chaired by herself, to prepare the next election manifesto and to plan a strategy for the 1990s.

Seminal case

Sir Geoffrey Howe, the Foreign Secretery and a foreign S

> The essential questions are: what has the Thetcher revolu-tion achieved, where has it failed and what happens next? Is the next phase of British politics to he Thatcherism with a human face, or is there to he a complete change of ground? The Labour Party, in particular, has not fully provided the answers. Its attitude to priva-tisation is still uncertain and it is not yet clear what it would do about the law affecting the trade unions. The Alliance eppears in danger of being squeezed by a Labour leadership moving towards the centre and a Tory Party that could become more pragmatic. Not to outline the oext stage of whet might be called "sensible radicalism." That pragmatic radicel, Mr Nicholas Ridley, bas

morn Viaduct #30 /[56 ann 306. 2 additions)...

INCE THE last war Poland's Communist leadars have managed to hold on to power for an average of 12 years before strikes and demonstrations, internal party intrigues, or both, have pushed them out of office. Complacency has tended to set in at around the middle of their term, allowing them to rule on, oblivious to the approaching crisis.

It is a lesson which General Wojciech Jaruzelski, re-elected as Polish party leader at a congress last week and who starts his sixth year in power this autumn, seems to have learned well. There was little that was complacent about his speeches to the five-day meeting in Warsaw's ornate Stalinist-style Palsce of Culture, nor in tha addresses of many of tha delegates.

"Satisfaction over what has already been accomplished is accompanied by an awareness of abortcomings. We still face the difficulties of daily tife. We still experience the herilage of traumas, disappointments and mistrust," the General told the ongress in his keynote speech.

This was not what had been expected of the congress — the first since the Solidarity free trade union movement was banned and martial law imposed in December 1981. It had been billed as a "congress." imposed in December 1981. It had been hilled as a "congress of victors," the celebration of a political party which, as the anthorities see it, has "normalised" the country and, with Solidarity out of the way, resolved its problems.

There is no doubt that the party was in disarray during the winter of 1981 when General Jaruzelski brought the army on to the snow-covered streets and interned the Solidarity leadership. The sub-sequent years saw a cautious releasing of the free trade union activists as their csils for token strikes and demonstrations evoked less and less of a response. The combined efforts of the riot squads and plain-clothes police, as well as a conscious if inflationary effort to compensate the great mass of workers for price rises by

Lech Walesa can evoke sympathy but has no political clout

Increasing wages, has main-tained a social peace. Beal wages have been rising at an annual rate of 4 per cent so far this

Mr Lech Walesa, the Solidarity leader and Nobel Peace Prize winner, living in Gdansk, is still able to evoke sympathy but he has no political clout, His calls in statements channelled via the underground for dialogue with the authorities, who refused to respond, have grown weaker and fewer. And the underground leadership too bas suffered recurring hlows, culminating in the arrest on May 31 of Mr Zbigniew Bujak, the Warsaw Solidarity chief, who had managed to evade who had managed to evade

Two faces of Jaruzelski: smiling with Mr Gorbachev (left) and the stern military leader

together they still constitute the seeds of an alternative political culture, possibly of immense significance for the future. The underground distribution networks help to keep alive the links between likeminded people.

But Solidarity's influence on the shop floor is minimal and will remain so for as long as the mass of workers continues to shun protest as too risky. In the meantime, some activists have gone into legal workers' lindustrial co-management coun-

industrial co-management councils while others bave got involved in Catholic Church-sponsored workers' pastoral committees The powerful Catholic Church,

contacts with the authorities parlous state. Hard currency had been devoted to this kind exports are still too weak to

ments remain the primary means of making up aborifalls. Inefficiency is rife and the powerful conservetive indus-rial lobbles continue to demand funds for long term investment projects which promise little to the hard processed constitute.

GENERAL JARUZELSKI'S POLAND

When only change can

save the status quo

By Christopher Bobinski in Warsaw

the hard pressed consumer. Rationing is widespreed. The

promise of market-orientated reforms decreed by government in 1981 and embarked upon in 1982, the first year of martial law, remains largely unfulfiled.

saw few attacks on the Church. Some changes have been thus leaving General Jaruzelski made. But the entrenched free to seek accommodation hureaccracy, jealous of its

#### The Catholic Church's cautious approach has led to much internal tension

with the Polish-born Pope John
Paul II before his visit to ahortages to argue for a return to a mora centralised system.
Nevertheless the changes in Most Polish economists believe that unless the country presses ahead with the changes laid gress raise the prospect of renewed tension.

Poland's economy is ln a parking state. Hard currency It is this message which

mined attempt to cut state sub-sidies both to inefficient indus-try and on the price of con-sumer goods. Equilibrium he-tween supply and demand would have to be reached, hank-ruptoies of individual companies ruptcies of individual companies permitted, and reorganisation of the central hureaucracy initiated. Investment policy would also have to be shifted, giving individual companies greater capital spending powers at the expense of the continuation of massive central projects, many of them inherited from the 1970s. All this is risky. It incurs not only the resistance of the bureaucrats, but also

of the bureaucrats, but also could prompt opposition from workers forced to change the habits of a lifetime in the name of greater efficiency.

At the congress, the country's Prime Minister, Mr Zbigniew Prime Minister, Mr Zbigniew Mesaner, who has favoured a more cautious approach to reform, warned of the dangers of provoking discontent, but he was answered by a rank and file party delegate. Mr Stefan Debowski, from Lodz. "There might be certain social tensions." ba said, "but there is no turning back... If we don't work for greater efficiency the economy will deteriorate, making it all the more difficult for

gave rise to that movement, and which at some future date threetens a renewal of unrest. These are the demand for bet-ter living conditions, fuelled by

These are the demand for better living conditions, fuelled hy the awareoess of the wealth of the not so distant West, and for limits to be placed on the stultifying political monopoly of the party itself.

On the economic side Poland's return as a member of the International Monetary Fund last month brings the promise of between \$2bn and \$3bn in new credits over the next few years, but also the prospect of demands hy the Fund for market orientated economic policies. This, coming from the West, will be easier to sell to a distrustful populace.

Not to he underestimated also is the strength of support which the Soviet leader, Mikhail Gorbachev extended to General Jaruzelski at last week's congress. He spoke more strongly than any previous Soviet leader in favour of change in the Socialist block and warned that failure to modify economic and political methods in tune could lead to crises such as that which racked Poland in 1981. lead to crises such as that which racked Poland in 1981.

racked Poland in 1981.

As long as the Soviet leader maintains this line, the General will have greater freedom of manocuvre on the political front for the institutional changes which he has introduced thus far, though scen as greatly inadequate hy the mass of the population, had been regarded by East Eurnpean conservatives with suspicion.

They don't like novelties" one experienced party member remarked. And all the indications thus far are that on the political front, the General is

tions thus far are that on the political front, the General is sticking to his gradual approach. The amnesty be is planning for political prisoners this month looks as if it could cover only the smaller fry among the three hundred or so detainees, leaving Solidarity's understand the statement of the statement of the solidarity is prices. underground leaders in prison. But approaches in the past two months to independent Catholic lay leaders to join a new official advisory council have raised hopes of renewed dialogue. The Catholics sre holding out for a total amnesty as a condition of participation. The Bishops, after

#### The strength of Gorbachev's support. cannot be underestimated

their recent conference, have called for political changes which would give Solidarity some legal role, thus eliminat-ing the problem of political prisoners. prisoners

There is little bope that such calls will be heeded, but the promotion at the congress of Mr Stanslaw Ciosek to the post of Communist party secretary suows that the General is willing to countenance unconvenational approaches. Io 1981 Mr
Closek, then Minister in charge
of relations with the trade
unions, was one of the few
government officials able to find
a common language with a common language with the Solldarity movement. General Jaruzelski, despite

It is this message which ing it all the more difficult for the congress as a conservative who had managed to evalue to this kind had been devoted to this kind of intervention rather than to for the moment Solidarity is array of clandestine weekly publications and books. Taken the first few years

| And been devoted to this kind experts are still too weak to General Jarmelski seemed to workers anyway."

| And been devoted to this kind experts are still too weak to General Jarmelski seemed to workers anyway."

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| And been devoted to this kind carry the hurden of servicing the country's almost \$32bn in the country's almost \$

# the futures

Leo Melamed is widely seen as the father of currency futures and is never backward ahout extolling their virtues. In his ardent tub-thumping in sup port of the Chicago Mercantile Exchange, be has even been known to trace the development of futures markets back to biblical times. The CME is the higgest marketplace for currency futures, and he is a key figure there.

An eye to

So it is not surprising that Melsmed should be worried about mutterings in Congre favour of a return to a Bretton Woods-type system of fixed exchange rates. Senator Bill Bradley, a Democrat, and Re-presentative Jack Kemp, who is readying e Republican presi-dential campaign, are among those arguing for such a system as a way to cut the trsde de Fixed rates would kill currency futures—which like all futurea markets thrive on volatilitystone dead.

Melamed had a chat with Milton Friedman, the monetsrist economist. Between them, and with the CME's sponsorship, they have got together a group of notables calling itself the American Coalitton for Flexible



"Now the damn river's full of old water privatisation pros-

per cent) and a halunce of Commission Diana and date La Diana

1 11 178 Curzen Street.

## Men and Matters

Exchange Rates-ACFX for in 1982 to establish the London

ACFX ages itself as an educa tional forum rather than as lobhying group. The list of names it has mustered includes Henry Reuss, former chairman of the House Banking Committee, two former chalrmen of the Council of Economic Ad-visers, Herbert Stein and Murray Weidenbaum, former Treasury Secretary William Treasury Secretary William Simon, as well as top hankers

> The message is that stable exchange rates are good for you (or, as a "position paper" puts it, "genuine marketplace-created stability in the excreated stability in the exchange markets is meritorious"), but that stiempts to impose them have always failed. Instead, ACFX supports convergence of economic policies, leaving the merket to sort out currency values. "Manipulation of exchange rates is an incorrect prescription, equivalent to treating the symptoms of a diseased patient while ignoring

> > City bound "I think any financial academic would find the chance of place in the markets over the next two or three years irresistible. There are going to he major changes and it is going to be very exciting." Thus, Prof Desmond Fitz-

diseased patient while ignoring the underlying illness," it says.

year to join Alexandars and Cruicksbank, the investing and Cruicksbank, the investing and Burkhardt, the German bank Midland bought in 1980. ducts and new markets. Fitzgerald has worked with Barkshire before—helping him

ALC's economic and financial research team sud will also work closely with Barkshire on strategic planning - new pro-

International Financial Futures

Though Fitzgerald has been an academic for the past nine years — in New York and et years — in New York and e the City University Business School — he began his career as an economic analyst for hcokers, Serimgeour, and for two years was senior economist at Chemical Bank.

"And I've elways kept in close touch with the markets," he says. "My main academic interests have been in financial gadgetry — futures, options, swaps — and I've maintained swaps — and I've maintained close links with the Stock Exchanga as well as Liffe."

## On board

Midland Bank is fast becoming the most intarnational of the UK clearers. After recently appointing a Japanese as one of its senior corporate executives, an association founded in 1982 it has now voted two foreigners to promote the unit, which is a on to its 20-strong board. They are Ernst Brutsche and Herve de Carmoy who, together, are believed to represent the largest foreign cootingent ever to appear at the top of a British clearer.

Brutsche. 48-year-old German, is in charge of group treasury, which includes the Big Bang operations Midland is outting together through Samuel Montagu, its merchant bank, and Greenwells, its stockbrokgerald on his decision to give ing arm. "My appointment is a up the chair of finance at recognition of the growing importance of investment bankyear to join Alexandars Laing ing," said Brutsche who came and Cruicksbank, the invest- to Midlaod through Trinkhaus

ment).

Brutsche has made his bome in London, though he travels to Germany several times a month to visit Trinkaus in Dusseldorf, and to call on his family in Munich (where he was this week-end). Wiry and precise, Brutsche has spent the

#### to de Carmoy, the tall, bespectscled Frenchman, also hased in London, who heads Midland's international side and

last three years bulkling up

Midland's dealing side. He owes his move to Midland

helped organise the Trinkhaus purchase. De Carmoy, who is 49, came to Midland in 1978 after 15 years with Chase Manhattan He ascribes his elevation to the board to the £120m rise in Midland's international profits In the last three years (excluding the Crocker disaster which was not handled by his depart-

#### Ecu today

A periodical devoted to the Ecu (European Currency Unit), that most intangible of currencies, might seem to set new standards in specialist publishing. But "Ecu Today" will he hitting the efreets from next autumn at the resets of ten issues a year. tha rate of ten issues a year,

"Wa are hoping for a circulation of about 5,000 initially," said Michel Coste, the editor, who works in Lyon, where he la already producing the French language version "Aujourd'hui l'ecu." The cost of a subscription will, naturally, be quoted in ecus (74 of them, or £47.50). The publishers are CEPREM

basket of nine European cur-rencies seen by its bankers as the key to monetary integration Subscribers to the periodical's French version include such varied organisations as Barclays Bank, General Motors, Faji Bank, the IMF and Mcdonalds.

"The ecu is already the fifth largest currency for interna-tional markets, which means it is more important than most European currencies," Says Coste, "It is even used by the Soviet Union in its trade with the West."

Aujourd'hui l'ecu " gave the result of a European opinion poll which showed the British not only most opposed to the ecu but also most ignorant about it (only 35 per cent bad heard of it compared to 77 per cent in Luxembourg): so maybe across.

The same a second was the same same the same to the same the same that th

Observer

### BASE LENDING

# RATES

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%	. 9
ABN Bank 10	Exeter Trust Ltd.
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Allied Irish Bank 10	First Nat. Fin. Corp. 11
American Express Bk 10	First Nat. Sec. Ltd 11
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Henry Ansbacher 10	Robert Fraser & Ptrs 11
Associates Cap Corp 10	Grindlays Bank #10
Banco de Bilbeo 19	Guinness Mahon10
Bank Hapoalim10	Hambros Bank 10
Bank Leumi (UK)	Heritable & Gen Trust 18
Bank Credit & Comm 10	Hill Samuel
Bank of Cyprus 10	C. Hoare & Co
Benk of Ireland	Hongkong & Shanghai 10
Bank of India 19	Knowsley & Co. Ltd. 10
Bank of Scotland	Lloyds Bank 16
Banque Belge Ltd 19	Mase Westpac Ltd 19
Barclays Bank 10	Meghraj & Sons Ltd 10
Benchmark Trust Ltd 19	Midland Bank 10
Beneficial Trust Ltd	Morgan Granfell 10
Brit Bk of Mid. East 10	Mount Credit Corp. Ltd 10
Brown Shipley 19	National Bk. of Kuwait 10
CL Bank Nederland 19	National Girobank
Canada Permanent 10	National Westminster 10
Cayser Ltd 10	Northern Bank Ltd 10
Cedar Holdings 11	Norwich Gen. Trust
Charterhouse Bank 19	PK Finans. Intl (UK)
Citibank NA 19	Provincial Trust Ltd 11
Citibank Savings 716%	R Raphael & Sons
City Merchants Bank 10	Boxburghe Guarantee 11
Clydesdale Bank10	Royal Bank of Scotland 10
Comm. Bk. N. East	Royal Trust Co. Canada 10
Consolidated Credits 10	Standard Chartered 19
Continental Trust Ltd. 10	Trustee Savings Bank 19
Co-operative Bank	United Bank of Knwait 10
The Cyprus Popular Bk 10	United March Pork
Duncan Lawrie 10	United Misrahi Bank 10
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Equatorial Tst Corp. plc 10	Whitesway Laidlaw 184
windsouth 134 colb bic" 10	Yorkshire Bank

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FOREIGN AFFAIRS: THE EEC

# Last haul on the drawbridge

By Ian Davidson

THE British Government has been doing its best to highlight the dignity and the prestige attaching to the Presidency of the European Community, which passed from the Nether-lands to the UK on July 1 and which remains in British hands until the end of the year.

These public relations efforts have had, so far as I can judge, rather little impact. The man in the street does not swing along with a jauntier pride, in the knowledge that Sir Geoffrey

the knowledge that Sir Geoffrey Howe is out there exercising these august if temporary functions in the Council of Ministers in Brussels, and the man in the street is right.

The presidency requires laborious bureaucratic and diplomatic efforts in managing the Community's legislative processes and in shepherding Commission proposals through the various levels of the Council of Ministers. But the road is stony, and the opportunities for winning public applause are few and far between.

In theory, this should be a relatively auspicious year for

relatively auspicious year for a British presidency. No major battle of national interest now sets Britain apart from the other member states. Last December's agreemant on treaty modifications which introduce more majority voting, will not come into effect until the beginning of next year, after ratification in 12 national parliaments; but at least the idealorical bot at least the ideological arguments between the member states over the Community's constitutional future are now out of the way for the foresee-

Moreover. liberalisation of trade in goods and services inside the Community, is not merely very close to Mrs Thatcher's heart, it has also been endorsed at last December's Luxembourg summit as the centrepiece of the Community's internal agenda, and can be urged forward with all the vigour of conviction. Finally, the British Government has consulted unusually closely with the Database of the Conversal of the Co with its Dutch predecessors in preparing the rolling work programme for the rest of this year, so as to waste no time before the summer holidays. Nevertheless, despite all these favourable factors, it has more fear of disaster than hope of triumph.

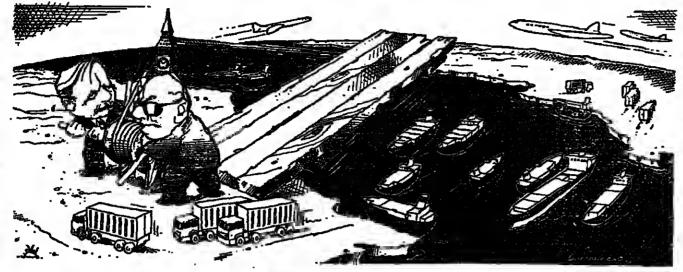
Why then have we been treated to these little fanfares

allotted time, and has been eble to cite, in support of its delaying tactics, critical judgments in committee reports from both Houses of Parliament.

Nobody can seriously pretend that Britain's membership of the Community is an optimized to cite, in support of its delaying tactics, critical judgments in committee reports from both Houses of Parliament.

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of self-importance? Partly, I suppose, because politicians cannot resist the limelight, suppose, because politicians cannot resist the limelight, however inglorious it may turn out to be; but partly to distract attention from an embarrassing littla anti-European rearguard action still under way in the

House of Commons.

The treaty negotiated between the Twelve in Luxembourg last December was a curious portmantean of miscellaneous modifications lumped together under the uninformative title of the Single European Act; it is being retified in Parliament under an equally bland title: The European Communities (Amendmeot)

Market Campaign, one of which made the following assertions:

The bill "will transfer major powers over legislation in the UK from the British electorate and Parliament to Brussels and Strasbourg."

"Power is given to a majority of foreign states to legislate on internal British issues against the wishes and interests of the British peopla."

Considering Mrs Thatcher's vast majority in the House of Commons, one might think, and the Government did indeed think, that ratification would slip through lika a letter through the post. Not so. The final ontcome is not in doubly but the anti-Furnment rump. but the anti-European rump in the Commons has proved remarkably stubborn in dragging out the ratification process well beyond the allotted time, and has been eble to cite, in support of its delay-ing tactics, critical judgments in committee reports from both

parliamentary sovereignty, or from exaggerating in quite in-temperate terms the additional loss of sovereignty implied by the new treaty modifications. Half-page advertisements have

been placed in newspapers by the British Anti - Common Market Campaign, one of which made the following assertions: • The bill "will transfer major

British peopla."

"The Common Market's power to interfere with national policies, which we were promised would be solely economic. is extended by this special Act to include foreign policy and defence."

The Act also declares ex-

plicitly that the aim of all this is to transform the Common Market into a "European Union" ie a super-state in which the individual countries would no longer be independent sovereign states."

tates."
These fevered fears bear no discernible relation to what is actually being proposed. In balf-a-dozen articles of the Rome Treaty, related to the elimication of trading obstacles between the member states, the Bill substitutes majority voting for unanimity but to go from

that this gives power to a majority of foreign states to legislate on British social and economic policy is simply perplexing. Seven articles in the Rome Treaty speak about economic policy: they remain unchanged. Under social policy, one article is modified to proone article is modified to pro-mote the improvement of workmote the improvement or working conditions and to develop
a dialogue between managemeet and labour "if the two
sides consider it desirable."
Why on carth do the antimarketeers assume that Britain
is bound to be out-youed by a
majority of fandish foreigners?

majority of fiendish foreigners?
There must be some, there may
be many occasions when it
would be in Britain's interest to be part of the majority. Britain's interests in freer trade in banking, finance and insurance have been frustrated precisely by the veto power of foreign countries, and can be served by majority voting; but this is the side of the coin which the anti-Marketeers do

which the anti-Marketeers do not wish to consider.

Their assertion that "the Common Market'e power to interfere with national policies... is exteoded by this special Act to include foreign policy and even defence" is, to paraphrase Winston Churchill's parliameotry employment termin liameotary euphemism, termin-ologically inexact. The Common Market has never bad any power over either foreign policy or defence, and it will oot get any such powers under the Bill.

What the Bill says is this:
"The High Contracting Parties

formulate and implement European foreign policy:" and they will do this by a process of consultations, in the hope of developing common positions. The Community as such has no competence, nor has the Council of Ministers. All that the 12 sovereign stales bave agreed is that they will take account of each others' views and try to reach a consensus; not merely is there no majority voting, there is no voting at all.

As for defeoce, the truth is the exact opposite of that claimed by the anti-Marketeers. The High Contracting Parties, says the treaty, "are ready to co-ordinate their positions more closely on the political and econclosely on the positions and econ-omic aspects of security." But it goes on: "Nothing in this Title shall impede closer co-operation in the field of security between certain of the High Contracting Parties within the framework of the Western Euro-pean Union or the Atlantic

And European Union? For the anti-Marketeers, it is objectionable because it means

ment and no country in the Community has plans to dis-appear from the map.

Tha Foreign Affairs Commit-tee of the House of Commons is more cautious, but it too gives voice to loud bleats of anxiety, many of which are self-contra

The Committee members are all in favour of the co-ordina-tion of foreign policy by the Community countries; but they are also in favour of not co-ordinating foreign policies where national interests conwhere national interests con-flict; they do not quite believe the Foreign Secretary, when he tells them that there is no com-pulsion to agree; they fear that the new commitment "could provide grounds for recrimina-tions."

Their anxious bleating continues on the vexed question of tha so-called Luxembourg Compromise—the notion that a member state bas, in the last resort, the right of a national veto to defend a vital interest. They fear that this right will be undermined by the extension of majority voting, and they distrust the Foreign Secretary's soothing assurances that "the Luxembourg Compromise remains in place untouched and unaffected."

They are right to distrust him, but for the wrong reason. The Luxembourg Compromise does not have, and has oever had, any legal basis: it rests solely on the ability to persuade other governments not to force a vota on a particularly sensitive issue It lives only in the mind;

At ooe level, all this whingeing by the good burghers of Westminster is readily explic-able; they do not like the idea that their powers will be eroded to some small but unpredictable to some small but unpredictable extent, and they hate the idea that their rvials in Strasbourg will get more powers. At another, the cumulative effect of the bleating seems to imply a comprehensive failure to grasp that British is already income. that Britain is already irrevocably committed to Europe, a reluctance to face the fact that objectionable because it means ably committed to Europe, a reluctance to face that individual countries would oo longer be sovereign states." For Mrs Thatcher, the term is objectionable because she cannot discover what it means. For the European idealists it is a pious aspiration of a goal which remains as distant as it is vague. The only thing that is quita clear, is that no govern-

## Lombard

# Industry's run of good luck

By Samuel Brittan

is not far to seek. It is that centage points increase to out-profits have been rising about put prices.

It was good luck for British

There is also a more factual buzzle. How bave companies been able to afford both to in-crease pay, and to increase pro-fits even more, when the Government bas followed a fairly tight exchange rate policy which should have made cost increases difficult to pass on?

Part of the answer is provided in a table in the June Bank of England Bulletin reproduced bere. The figures given are slightly unusual. For they do not obey actual changes in do not show actual changes in labour costs, productivity, raw material costs and so on. They show instead bow much changes in each of these items contributed to the rise in final prices of manufactured goods.

of manufactured goods.

For instance, in 1983—a year of high productivity growth—unit labour costs alooe would have produced only a 0.2 per centage point rise in output prices. Raw material costs in that year added another 2.4 points. But it was the rise in margins and other unidantified costs that contributed another

THE MAIN REASON why pay costs had been rising at the per head in the UK has continued to rise so quickly in three years, they would have spite of government exhortation contributed another 2.6 per-

past five years.

This is not an environment conducive to pay restraint. It may be true that profits could have increased eveo more than they did if business bad takeo advantage of high unemployment, and low and falling inflation, to curb pay rises nevertheless.

There is also a work over the less.

It was good luck for British manufacturers that raw material costs were under pressure and contributed moch less than normal—only 0.6 percentage points to total cost increases. There was thus room for margins to make another 1.9 perceotage points contribution to price inflation.

Prelimination.

Preliminary figures so far this year suggest a continuation of the same pattern. They sug-gest a slight fall in labout gest a slight fall in labout productivity, reflecting the pause in economic growth that so few of the forecasters expected in the aftermath of the oil price collapse.

On the other hand, industry's amazing luck with ioput prices

bas continued.

How long can this luck continue? Competitors in other countries are also benefiting from falling fuel and raw material prices; and eventually selling prices must come under pressure. Already the rise in UK output prices bas come down from 5.5 per cent to 4.5 per cent; and the June monthly CBI survey showed the smallest proportion of compaoies expecting to increase prices for 19 years, thus suggesting more drastic falls in output price inflation in the months ahead.

of countries are already falling. In Japan, under the influence of sbarp yen revaluation, they have falleo by 10 per cent. British industry will either costs that contributed another of sbarp yen revaluation, they 1.2.9 points and brought the lolal price rise up to 5.5 per cent.

But by 1985 the position had changed. Labour productivity or make a firmer stand on pay, was rising much less, at least according to the statistics, and total unit labour costs rose enough to boost output prices by 3.1 per cent. If raw material sense at the macro level.

THE MAKE-UP OF MANUFACTURING PRICES

Contributions to Change in Buchas prices								
	Labour costs per bead	Labour productivity (minus= gain)	Total unit labour costs	Raw material costs	Margins and other costs	Output		
	12.2	2.5	14.7	3.0	-3.7	141		
	47	-2.3	4.5	3.2	1,8	9.5		
	6.9	-3.9	3.0	2.6	2.2	7.7		
	2.0	-4.9	0.2		2.9	5.5		
	4.6	~3.1	1.5	2.4	2.9 1.7	6.1		
	4.9	2.1-	3.1	0.6	1.9	5.5		
10:	Bank of England	Bulletin, June	, 7996					

#### **British Gas** privatisation

From Mr S. Hill. Sir,—In 1984-85 British Gas Corporation made a surplus ofter meeting all outgoings, in-cluding gas levy and taxation but before provision for depre-ciation, of just under £900m. The whole of this was applied The whole or this was appued to meeting new capital expenditure and working capital. The corresponding figure this year could be of the order of £1bn,

again fully absorbed in asset creation.

It now appears British Gas will be floated with a capital of f7bn (or more), including £2.5bn of debt. The annual £2.5bn of debt. f7bn (or more), including f2.5bn of debt. The annual service of this capital by way of dividends and interest is not likely to be less than £500m even in early years. How, then, can this extra burden be found, without either (a) increasing prices to consumers, or (b) slashing the provision for on-

slashing the provision for ongoing capital expenditure, or (c) resorting to borrowing to finance most of it?

Regulation of prices is likely to restrain the first option, for a few years. A reduction in capital expenditure would retard future progress of the industry. It would seem then that if the capital programme is to be maintained, as needed, privatised British Gas will resort to persistent borrowing in the future and this, of course, must mean that the concourse, must mean that the consumers, in the long run, must pay for it, meeting an ever-increasing burdan for interest. Stanley Wm, Hill. 35c Tranquil Vole SE3.

#### US tax reform

From Mr M. Cassidy 5ir.—In the general enthus-iasm with which the senate fin-ance committee's proposal for tax cuts in the US have been received, it should not be over looked that there is a price to be paid and part of thet price

will be borne by British inves-

Most UK direct investors in U5 nroperty have bitherio bene-fited from the special treatment of interest payments under the double tax treaty to reduce the double tax treaty to reduce the total tax which they pay on that lovestment. This benefit will largely disappear as a result of the proposal to limit the amount of interest deductions which may be offset against the lax liability of a US subsidiary of such an investor. Such interest will be significantly vestments will be significantly less attractive if this proposal is implemented, particularly in the case of a UK pension fund whose basis of comparisoo is

## Letters to the Editor

proposal is flatly contrary to others would have filled the gaps article 24 (3) of the double tax in Rhodesian trade left by treaty between the UK and the Britain, and this in spite of a US. This article provides that interest paid by a US company to a resident of the UK shall

Michael Cassidy, 202 Cromwell Tower, Barbican, EC2.

#### The ghost of Mr Wilson From Mr C. Clayton.

Sir,—In "Sir Geoffrey and the ghost of Mr Wilson" (July I) we are informed that the Lancaster House agreement was "able to bring the (Rhodesian) civil war to an end and establish an independent Zimbabwa on civil war to an end and establish an independent Zimbabwe on reasonably democratic principles." After the deaths of thousands of black Zimbabweans slaughtered by Mugabe's Fifth Brigade, the establishment of Shona supremacy, the suppression of Joshua Nkomo'a largely Ndebele-based support and repeated predictions of a oceparty state, "reasonably democratic" scarcely seems an accurate description of Zimbabwe. Perhaps the lessons of the Lancaster House agreeof the Lancaster House agree-ment bave been learnt south of the Limpopo.

Christopher W. Clayton, Merton College, Oxford.

#### Sanctions in the past

From Mr J. Fielding Sir,-Ian Davidson (July 1)

accuses Margaret Thatcher of making on South Africa the same mistakes as Harold Wilson made on Rhodesia. What mis-It seems to me that Wilson carried out a fairly successful exercise in damage limitation under difficult cir-

Since Rhodesia was in rebelwhose basis of comparisoo is which competing investments which do not bear tax.

One can understand that foreign investors must be a particular target for raising the necessary reveoue to finance tax cuts bull what has been overlooked in this case is that the stood for it, especially if prolonged armed conflict had in the stood for it, especially if prolonged armed conflict had in tax to allow for greater spending on hospitals, roads, bousing, etc and 60 per cant to see more spending on education. Only 11 per ceot sought cuts in personal tax cuts or even pay more imposing exchange controls in tax to allow for greater spending on hospitals, roads, bousing, etc and 60 per cant to see more spending on education. Only 11 per ceot sought cuts in personal tax cuts or even pay more imposing exchange controls in tax to allow for greater spending on hospitals, roads, a torrent, with a commitment to see more spending on education. Only 11 per ceot sought cuts in personal tax cuts or even pay more imposing exchange controls into tax to allow for greater spending on hospitals, roads, a torrent, with a commitment to see more spending on hospitals, roads, a torrent, with a commitment to see more spending on longed armed conflict had in tax to allow for greater spending on hospitals, roads, a torrent, with a commitment to see more spending on hospitals, roads, a torrent, with a commitment to see more spending on hospitals, roads, a torrent, with a commitment to see more spending on hospitals, roads, a torrent, with a commitment to see more spending on hospitals, roads, a torrent, with a commitment to see more spending on hospitals, roads, a torrent, with a commitment to see more spending on hospitals, roads, a torrent, with a commitment to see more spending on hospitals, roads, a torrent, with a commitment to see more spending on hospitals, roads, a torrent, with a commitment to see more spending on hospitals, roads, a torrent, with a commitment to see more spending on hospitals, roads, a torrent, with a commitment to see mor

solemn and binding resolution from the UN. The Tiger and From the UN. The light and Franciss talks were not fallures. They were never really expected to succeed but they served to quieten the gadifies at bome and in the Commonwealth.

wealth.

Mrs Thatcher seems to have an easier task. South Africa is a sovereign state and one may well ask why we should take measures which would damage our economy and lose British jobs and which, even if successful, would be less likely to bring about democracy than to change the colour of the tyranny. In practical politics this appraisal means playing for time and conceding as little as possible as slowly as possible.

Finally there is the Commonwealth on which Ian Davidson lays great stress. The essence and purpose of the Commonwealth are not altogether clear, but I am quite sure that they

but I am quite sure that they do not include the right to dictate to Britain or to any member state what shall be its foreign policy. If Sir Sony Ramphal or any other Common-wealth dignitary thinks differ-ently, then the sooner wa leave the Commonwealth, tha better. J. Flalding. 125 Orrell Road,

Orrell, Wigan, Lancs.

## Tax cuts nobody

wants From the Director General, British Institute of

British Institute of
Management.
Sir,—Regarding your article
"Tax cuts nobody wants" (July
1) dealing with the Government's failurs to comprehend
the public's lack of enthusiasm
for tax cuts in favour of
increases in public spending,
you correctly say that this is
not a case of "the people do
not know what they want."
Repeated surveys of UK
managers reveal a clear and
strong message that no Covernment Minister should find
difficulty in understanding. In Since khodesia was in rebellion against the Crown, as the
Left, with rich irony, loved to
remind us, we had to do something and the choice was essentially between sanctions and
armed intervention. The laiter
might well have succeded, as
lan Davidson snegulates but

succeeded, as
lan Davidson snegulates but

see Se per cart of respondents Ian Davidson speculates, but year, 82 per cent of respondents would the British public have said they were prepared to

The reasons for this are straightforward. Two things will certainly prevent continued economic growth: the lack of a modern and adequate infra-structure (which will cost more to repair the longer it deteriorates), and, worse at a lack of a skilled and educated workforce. John Constable,

64-78 Kingsway, WC2.

#### Quirks of the law From Mr R. Instone

Sir,—Your issue of June 25 gave us news which lawyer readers will find surprising.

In his report of the Trustee Savings Bank'a appeal to the Housa of Lords, David Lascelles (who to be fair is described as Banking Correspondent) informed us that the Law Lords were heaving evidence from were hearing evidence from counsel for the Scottish depositors, Could you please tell Mr Lascelles that counsel provide, and the Law Lords bear, not evidence but argu-

ment?
More disturbing was a report. More disturbing was a report, in another column on the same page, of a debate between Sir Alan Leslie, the president of the Law Society, and Robert Alexander, QC, under the heading "Subdivision of solicitons predicted." I do bope we are not going to make mincament of our professional colleagues. Ralph Instone,

7 New Square, Lincoln's 1nn, WC2.

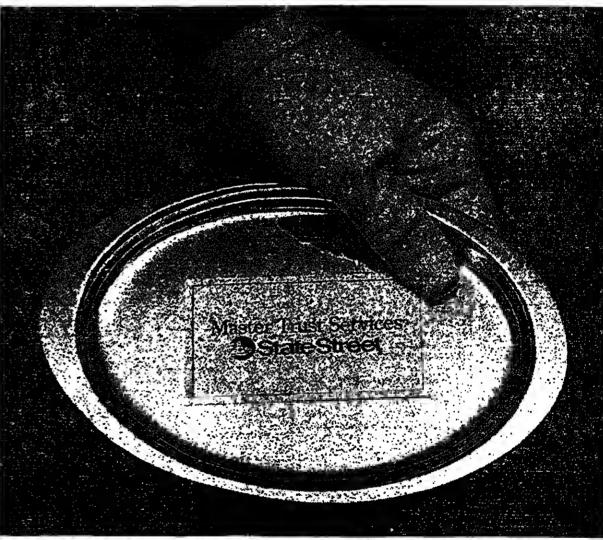
#### Exchange control

From Mr R. Guscott

From Mr H. Guscott
Sir.—A General Election is constitutionally certain within the next two years. There is a distinct possibility, perhaps a probability, that the present Government will not be returned. The financial community believes (rightly or wrongly) that a Labour, Alliance or coalition Government will impose exchange controls as soon as elected. controls as soon as elected.

To hedge against this outcome capital is starting to leave this country. Already stockbrokers are advising their clients to begin realising UK investments and move their money abroad. If the Government's perceived chances of defeat increase as the election approaches what is now a stream will become a

torrent. Regardless of the geoeral desirability or otherwise of exchange controls, the best interests of the country will be served by the Government imposing exchange controls



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# FINANCIALTIMES

Monday July 7 1986



Hilary Barnes assesses the record of a fragile four-way coalition

# Danish balancing act begins to falter

Schlüter's four-party minority gov-ernment is due to celebrate four years in office, the longest stretch served by a Danish non-socialist government since the 1920s. According to Mr Schlüter, ooe of his own government's greatest fans, its results have been "unbelievably" and "sensationally" good. The Prime Minister's wife, a clas-

sics teacher, has apparently failed to inform him what happens to victims of bubris. So far, however, the gods have been kind to Mr Schlüter.

Initially, he was belped along hy the international economic recovery in 1983. This year, bis economic policies were saved from shipwreck by the fall in oil prices.

The Danish Government's "unbelievably" good results include a strong recovery in domestic de-mand, private consumption and investment and a sustained increase in private sector employment.

Unemployment has fallen from a peak annual average of 10.7 per cent in 1983 to about 8.5 per cent, a gy costs. The trade gap widened to tre-right majority, but this is re-budget deficit in 1983 of about 9 per DKr 6.5hn in the four months from placed by a centre-left majority on

Channel

swamped

By John Griffiths In London

island governments, the traders hlame Ford and Austin Rover for

flooding the islands with new hire

cars which in some cases have re-

turned to mainland Britain within two months with only nominal mi-

leage for resale at auction as used

Mr Julius Olsen, president of the Jersey Motor Trades Association, after a meeting with Mr Filleul last

week, acknowledged that Ford, Austin and the large hire compa-nies were acting legally in reg-

But the traders complain that

contrary to the spirit of the legisla-

tends that they should be used pri-marily by visitors - ex-hire cars,

some only three months old, are be-

ing offered at exceptionally low prices on leases to resident islan-

ders.

The result, according to the asso-

ciation, is that the market for both

new and used car sales for other

manufacturers is disappearing rap-

No car tax or value-added tax is

the cars are substantially cheaper

The larger hire companies are of-fered bonuses: the more cars they

take, the higger the bonus. As a re-

sult some hire cars are being changed every two months. The bo-

nuses are such that, when a large

number of cars is taken, a hire car

needs to do little mileage for it to be

than on mainland Britain

istering the cars.

**Islands** 

by cars

bers of cars for hire.

cent of gross domestic product DKr 5.6bn in January-April last defence and foreign policy issues. (GDP) has been turned into a suryear. So far the Government has suffered plus this year, a turnround unparalleled by any other member of the Organisation for Economic Co-operation and Development.

But while the domestic ecocomy is in better shape and the govern-ment's achievements include halving annual wage increases from 10 to 5 per cent, the balance of pay-ments problem bas got steadily worse as the domestic boom bas sucked in imports and retarded ex-

The visible trade gap widened from DKr 2.1bn in 1983 to DKr 12hn (\$1.5bn) last year. The current balance of payments deficit, burdened by the interest on a net foreign debt of DKr 234bn, or about 38 per cent of GDP, increased from DKr 11.1bn in 1983 to DKr 26.4bn last year, some 4.6 per cent of GDP.

In the first four months of this year, exports barely increased, while imports rose by about 2 per cent despite the big decline in ener-

The government hopes the exter-nal deficit is about to begin to improve. Last December it took DKr 8bn out of circulation, mainly by cutting local government invest-ment, and in March it increased taxes by DKr 10hn, primarily through a sharp increase in energy taxes to offset falling oil prices.

The failure to get the balance of payments right is probably the main reason wby the government is low beginning to feel discouraged, but there are other factors.

It has alienated some of its supporters by presiding over an inease in taxation as a percentage of GDP from just under 43 per cent in 1982 to 51 per cent this year. The last comparable increase in the tax hurdeo, ironically, was under Denmark's last non-socialist governmeot in 1968-71.

Mr Schlüter is not too perhurbed The government's authority is alby the opinion polls. He thinks that so constantly undermined in the voters will rally to his coalition if Folketing (parliament). Its economthey are faced with the possibility ic policies win support from a cenof a Social Democratic government in alliance - possibly even in coali-

Nato Socialist People's Party. Mr Schlüter resents the charge that it is no part of a non-socialist government's task to raise the tax burden. When the coalition took over in the autumn of 1982, he points out, it looked as though the 983 budget deficit would climb to

15 per cent of GDP. Tax increases Critics also say that beyond the task of "economic reconstruction," the government lacks vision and Since 1982, the government has brought about an almost complete standstill in real government ex penditure.

The next election must be held in January 1988 at the latest.

Mr Schlüter has said that the
Government will spend the summer working out an offensive strategy including a business industrial pol cy "with clout" to help improve the

export performance. This presumably will be the pro-Jensen, the Foreign Minister, the

ther to its left, the Socialist People's gramme on which the coalition of Mr Schlüter's Conservatives, the Liberals, led by Mr Uffe Ellemann Christian People's Party and the Centre Democrats will fight the

**Skirmishes** 

as Ulster

marching

THE ROYAL Ulster Constabulary

(RUC) and Protestant loyalist

narchers fought a oumber of angry

skirmishes yesterday as a huge po-lice and British army presence was

called out in Portadown, Count y

Armagh, to keep order during an

Orange Lodge church parade through two predominantly nation-

Tensioo between the local majori

ty Protestant and minority Catholic communities deepened almost per-

ceptibly as the two sides buried

abuse and occasionally stones at each other.

policemeo were injured, including one RUC officer hit in the neck by

dart. A Catholic church was stone

and windows smashed in at least

land passed off peacefully yester-

day, it was an ominous foretaste of

events next weekend when celebra-

tions by Protestant Unionists of the

victory of William of Orange over

King James II at the Battle of the

Boyna in 1690 reach a climax.

The marches have taken on a

special significance this year as loy-

alists regard them as a chance to

vent their anger against the Anglo-Irish agreement, which gives Du-blin a role in Northern Irish affairs.

The loyalists see the govern meot's policy on marches as being dictated by Dublin through the

agreement. At the weekend, Mr Pe-

ter Barry, the Irish Foreign Minis-ter, repeated his concerns for the

safety of Catholics during the

marching season and said he was also "seriously concerned" by re-

similar

one Catholic-owned house.

Although about 70 parches elsewhere in North

A number of demonstrators and

alist areas of the town.

begins

# THE LEX COLUMN

# **Bulldogs off** the leash

The small detonation should be heard in the fixed interest markets this morning as the trade in bulldogs - sterling bonds issued in London by foreign borrowers - moves to dual capacity. If the ten or so market makers who start this morning can make enough of a bang, generating enough liquidity to cover their costs, it will be a good augury for the still more crowded new gilt-edged market. If all that the contestants do for themselves is gain experience in making a book and put their new back-office sys-tems to work, it may still be a

worthwhile rebearsal for October. Though there must be a doubt whether there can be enough volume to support two or three times as many market makers as there were jobbers before the weekend liquidity should quickly improve, and so should the spreads. The true size of the new market will not be settled until gilt-edged trading set-tles down after October, but there is a good chance that a more liquid secondary market, with finer prices, will make buildogs more at-tractive to borrowers, who can get better terms. And it is that sort of virtuous spiral, after all, which is supposed to justify the bigger bangs of the months ahead.

#### **Financial Services**

The parliamentary draftsmen probably did oo worse a job on the Financial Services Bill than the average piece of legislation emerging from their office. But even now there is much wrong that ought to be sorted out in the House of Lords, where the bill is due to arrive this

The difficulty with the bill is thet it starts from an all-inclusive definition of investment - and investment business - which has then to be specifically whittled down to allow professionals to get oo with their norneal work. In practice, almost every profession will require its own col-lection of loopholes, and no doubt the sharks will take advantage of the exemptions provided. But not everybody will have had the foresight or advice to identify the ways in which the bill will catch them.

The Association of Corporate Treasurers has at least discovered that its members could be thrown the sort of task they oow regard as routine. At its simplest a corporate treasurer who was asked by a subissue margin of well established long-dated helidegt vs.04/08's-83 1984

sidiary what it should do about financing forthcoming imports might be giving investment advice if he replied, "buy dollars forward." He could face a further criminal charge if he then carried out the transaction on the subsidiary's behalf. Clearly such advice and dealing should be exempt from the legisla-

The Association is also worried that if, for instance in the course of a bid battle or at a company meeting, a board of directors recommended shareholders to vote in a group would be considering some certain way it would be deemed to sort of Stock Exchange quotation. be giving investment advice with-out being authorised to do so. The bill could also limit companies' ability to arrange export credit, buy shares in other companies or issue warrants giving the right to buy their own shares. So far the Department of Trade

and industry has been commend: ably accommodating in its readiness to put down amendments where lobbyists have made a case for them: the International Securities Regulatory Organisation is now reasonably happy with its lot. When the hill finally becomes law, sometime oext year, there could still be a lot of people caught in the shark-netting, and crying to the Secretary of State to help them with further special clauses. He may need to be pretty tolerant in his interpreta-

#### News on Sunday

benefits of cost reductions from new technology and Wapping, though the unquoted Daily Tele graph's latest results show just how expensive in fixed capital the changeover to new printing methods can he. New newspapers must overcome traditional City scept-cism, partly confirmed by the lessthan-hrilliant launch of Today, it they are to attract equity capital News on Sunday, due to launch next March, and now looking for £8.5m of equity, starts with another possible disadvantage in trying to raise City money - its left-wing editonial policy.

No doubt any qualms on that front will be soothed if investors expect an adequate return on their money. If the figures in the prospectus from News on Sunday Publishing prove attainable and profits of nearly £3m are made in the year to March 1990, investors may expect a compound 35 per cent rate of return by the eod of the third full year. A £1 investment made now would be worth nearly £3 in March 1990 on the assumption of a 35 per cent tax charge and an earnings multiple of 10. At that stage the

Those two assumptions do not sound unreasonable. But they are in turn based on a number of rather critical bypotheses covering indus-trial disputes, inflation, interest rates and, most important, circulation. A 100,000 difference from the central expectation of a 1.1m circu-lation by 1990 gives a best and worst rate of return of 47 per cent and 19 per cent

But if the circulation figure set-tled at much less than a million, the paper could quickly ruo out of cash. assumed circulation is based on market research conducted last October which pointed to a gap in the market for a more serious Sunday tabloid. Like the lodependent, the daily due to appear io October, News on Sunday expects to gain a large chunk of its readers by ex-panding the total market as well as taking from other papers. Uobelievers argue that newspaper readership is already very high in the The image of newspaper owner. UK and that it will be hard to exship as an expensive pastime of the pand it further, and that readers rich and would be influential is so are slow to change the paper they deep-rooted that it has not yet been are used to. Nor will rival papers sit httion that is taking place in Fleet
Street. The share prices of the quot
many more newspapers might start ed groups are beginning to see the up over the next few years?

# Church of England has £300m indirect investment in S. Africa BY ROBIN PAULEY IN LONDON THE CHURCH of England, whose States, the Sullivan Principles.

including C21m in four British com-panies which pay black workers fails to take the appropriate action less than the target cash wage rec-the Commissioners are prepared to FORD, the UK subsidiary of the US motor group, and Austin Rover, the volume cars subsidiary of Britain's ommended by the EEC code of constate-owned BL, bave become involved in a row in the Channel Is-

lands, where independent motor traders are criticising them for regthe Labour Research Department and the Financial Times editorial istering extraordinarily large numresearch unit show that of the 195 The traders claim this is jeoparcompanies in which the church had dising their business. They accuse holdings in excess of £1m in De-cember, 77 had South African coothe two companies of using the unique tax situation in the Channel nections. The majority are British Islands to improve market share companies and account for more than 50 per ceot of the church's figures at little or no cost to either emselves or the car hire compa-

£477m UK equity portfolio.
In their last annual report the Based on 1985 trends, by the end Church Commissioners admitted of this year one oew car will have that in its British equity portfolio 65 been registered oo Jersey for every companies bad investment links seveo of the tsland's inhabitants. A with South Africa. But it added: "We similar situation will prevail on seek to ensure that these companies follow enlightened employbe registered on Jersey and Guern-sey this year while Austin Rover Africa. We therefore monitor the activity of any company baving any interest in South Africa to establish expects 3,500 to 4,000 registrations. In a submission to Mr Don Filthat they operate employment polileul, a Jersey deputy who has been cies in line with the EEC code of asked to pursue the case with the cooduct or, in the case of the United

General Synod – its governing body – debates South Africa this morn-ance with the codes is found we exing, has nearly C300m (\$462m) of in- ert pressure at the highest managedirect investment in South Africa, ment level for the company to come

sell the shares. It was because of its non-compliance with the Sullivan Statistics produced by the De-partment of Trade and Industry, Carnation in 1984." But the EEC code of conduct for

companies with interests in South Africa has a minimum pay target for black workers of 50 per ceot above subsistence level, which would have required a minimum monthly pay of R525 in June 1985, according to the Ethical Investment Research and Information Service Eiris reported earlier this month

that a number of British companies had minimum rates below this, including four in which the Church Commissioners have substantial investment BET, which paid R257, Thorn EMI (R252), BPB Industries (R198).

efits in kind make up for the short-fall, but the code of conduct refers

holdings worth more than £1m each
from its portfolio as part of its nor to cash wages to which benefits in kind are not supposed to be added.

A small number of other compa nies do not even comply with the reporting requirement under the EEC code of conduct, so their minimum pay levels are not known. In a new report prepared in advance of today's General Synod debate, Eiris said there were four such British companies - Trusthouse Forte Siebe, Sun Alliance and Vantooa Viyella. The Church Commissioners have investments in each of these

19 defeats in the Folketing on such

issues as Nato deployment of inter-

mediate range missiles, support for

nuclear free zones and, most re-

cently, the implementation of a to-

tal ban in trade in goods and ser-

has little idea where it is going.

The government, meanwhile,

must be disappointed that, despite

the hig domestic economic improve-

ments, opinion polls point to the

election, for only the second time, of

an absolute majority for Denmark's

socialist parties. These comprise

the Social Democrats the main op-position party, and two parties fur-

Party and the Left Socialists.

vices with South Africa.

The research statistics show that of the 33 British capital goods companies in which the Church Commissioners have investments of over £1m, only 10 are listed as baying no connections with South Africa as of December - Amersham Internahonal, Brammer, Coalite Group, Costain Group, Electrocom-ponents, English China Clays, Mag-

net and Southerns, Moviem, RMC Group, and Steetley. Smiths Indus-tries, in which the commissioners have a £3.3m investment, is reported to have withdrawn its invest ment from South Africa.

During 1985 the Church Commis-sioners dropped 101 UK equity holdings worth more than £1m each mal investment management. Only three had South African links.

## **Howe mission** to S. Africa in jeopardy

Continued from Page 1

Mandela, the imprisoned African National Congress leader, and the lifting of the ban on the ANC and other political opposition groups.

The release of Mr Mandela and the lifting of the ban on the ANC has so far been rejected by Pretoria because of the black nationalist leader's and organisation's refusal to renounce violeoce as a prior coo-

Significantly, a government spo-kesman in Pretoria yesterday said that, if President Botha were to meet Sir Geoffrey at any stage, he would insist on "certain conditions" before any negotiations took place. navable on the Channel Islands, so He did oot spell out these coodi-

The difficulties over Sir Geoffrey's mission come as a further embarrassment to the government particularly as the Foreign Secre tary was said to be reluctant to assume the task in the first place.

The Labour Party opposition will be renew ing its attacks on Mrs handed back to the manufacturer at | Thatcher over her opposition to

# Holtzbrinck bids \$52m for Scientific American

VERLAGSCHUFFE Georg von Holtzbrinck, West Germany's sec-ond biggest publishing group, bas offered to buy Scientific American, the US publisher of one of the world's most famous science magazines, for \$52.6m.

Scientific American said late last week that it had agreed to be bought by the West German publishing group. However, a last-mi-nute \$61m offer from one of the 0ther half dozen companies which bad put in bids, has led to some doubt whether the Holtzbrinck offer will

Scientific American put itself up for sale last March. The group's flagship monthly magazine, which was founded in 1845 and is published in nine languages, has been suffering from declining advertising revenues and fierce competition from newer rivals. Circulation has lipped to 600,000 and the magazine ost \$475,000 on revenues of \$24m last year. Five years ago, it earned \$3m on sales of \$25m.

The group's other operations, \$61 m.

VERLAGSGRUPPE Georg von which include scientific textbook publishing and a monthly medical guide for physicians, are said to be considerably more profitable than the magazine. Salomoo Brothers, the group's in-

restment banker, is understood to have approached 35 companies and 17 expressed interest in the magazine whose contributors have in-cluded 80 Nobel prizewinning scientists over the years. The list of poteotial buyers was reduced to seven companies which submitted sealed hids on June 16. Among the companies which are

thought to have put in offers are Time Inc, the Economist magazine, International Thomson Organisation and a Dutch concern, Elsevier. Pergamon Press, which is controlled by Mr Robert Maxwell, the UK publishing magnate, is also thought to have been involved in the bidding, and there are reports that Mr Maxwell was responsible for the surprise last-minute bid for

# UK to consider radical

The likely site for Birmingham's Nechells area close to Handsworth,

Birmingham insists it has the necessary expertise and can best deal with redevelopment.

The point was made to Mr Ridley meoted: "If there are tax advanby a recent deputation from Birmingham, which included both the Labour and Conservative council leaders and the director of the Birmingham Chamber of Commerce. Mr Ridley gave no clear indication

mingbam is to use the Business Expansion Scheme - the scheme which gives tax coocessions for investment in new ventures - for urban renewal projects.

One consortium member comtages for storing wine, why not for such a worthwhile social cause as rebuilding our cities?" Detailed proposals are expected to be made before any representation is made to

#### marks in a newspaper interview by Mr Tom King, Northern Ireland Secretary, that the Anglo-Irish accord could be altered if Unionists would start talks with the government. Mr Barry said any changes would have to be with the full consent of both governments and he was seeking clarification of Mr King's remarks. Portadown has become the focus

of "the marching seasoo" because since last summer the RUC has re-fused to let loyalist demonstrators there parade through Catholic districts as they did previously. Yesterday's march was made an exception ostensibly because it was a traditional church parade but also apparently in an attempt to draw some of the sting from loyalist feeling against hans on marches in Portadown on July 12 and July 14. The day was a vivid illustration of

the present predicament of the RUC. Frequently they were forced to confront two hostile crowds at once with the army in a prominent but supporting role. One young offi-cer remarked: There are three tribes in Northern Ireland now and we are the third."

Trouble began when several se-nior RUC officers were ejected amid scuffles from an Orange hall in the centre of town where they were attempting to negotiate with march leaders over marshalling the parade, which was joined by more than 1,000 men in orange sashes led

by a pipe band.
Police said they wanted to ensure that two extremist politicans, Mr George Seawright, a Scots-born former member of the Democratic Unionist Party, and Mr Jim Wells of the DUP, were oot allowed in the parade, supposed to be of local Orangemeo only.

When the marchers reached "The

Tunnel", a bridge leading to the Catholic Obins Street, police blocked the road to prevent the two men proceeding. Fighting then crupted.

As from October 27th, competition in the financial markets will be even more intense. Look around. Are your offices well designed for maximum productivity-or do you see an expensive waste of space? Do they promote an efficient and harmonious working environment - or does chaos reign supreme? With predicted rents in the City reaching \$40 per sq. ft., it's vital your offices are designed to be 100% cost effectivewhilst also reflecting the image you wish to project to your customers and staff alike. At McColl, we've already taken stock of your needs by integrating our own proven design and space planning expertise with the latest in Computer Aided Design & Draughting technology - CADD. Major American banks and leading manufacturing corporations have already used McColl to design and plan their new European headquarters. If you'd like to know what we can du for your company, simply call Gordon Watson or Stewart McColl at McColl fur more information.

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# plan for inner cities Continued from Page 1

trol over areas designated as UDCs of his thinking, but said he would which are theo run by a govern- visit Birmingham on July 30 and lisment appointed board with govern- ten to any proposals, by which time

new UDC would be in the Astoo and which suffered serious rioting last

the Cabinet will have taken a decision in principle.

One idea being explored in Bir-

## **SECTION III**

# FINANCIAL TIMES SURVEY

# West German BANKING, FINANCE AND INVESTMENT

Profits are booming: but have German banks got what it takes to compete in the world game? Native caution could prove a disadvantage - yet it could also help them avoid costly errors.

# Well set to win new business

By Jonathan Carr n Frankjurt

ON THE FACE of it, the West German banks are doing rather too well for their own good. Their booming profits bove recently reawakened the old domestic debate obout whether the banks are too rich and

In truth, however, the argument is rather beside the point. The really acute question is whether the banks, despite their present strong showing, have what it takes to be successful players against ever tougher competition in fast-changing world markets.

The debate about the power of the banks tends to be influenced by the business cycle, intensifying when the economy improves and receding when it gets worse. In the last recession little was heard about the banks' power. Mucb more was heard about their awkward responsi-bility for bailing out floundering companies and debt-ridden

countries.

Now the boot is on the other foot. For the past few years the banks have enjoyed an almost ideal constellation at home. Steady economic growth and falling interest rates have belped to beal the corporate sector as well as offering the banks the chance to cut funding costs faster than lending rates. The once-ridiculed German stock market has grown in diversity and size. Last year. it even exceeded London's in turnover terms, although it remains well behind New York

Moreover, and not moconnected with the other two to make the German capital developments mentioned, West market more attractive. It

couraging business. Naturally, bankers and industrialists grumble that the government has not fulfilled all their bopes, but they know in their bearts that they can hardly expect a

better one. Frankly, bankers who failed to prosper under these con-ditions should probably con-sider leaving the profession. In fact, most have done well. Earnings bave soared, enabling banks greatly to strengthen their capital and reserves. By general consent,

German banks are among the best padded in the world against new sbocks from the debt crisis, but because of their "hidden" reserves it is hard to find out just bow well nadded they really are. Even the tougher capital-to-

lending ratios of the newly-revised West German credit law are giving few banks trouble, A year or two ago the proposed rules were o source of worry and some banks fought hard to ensure there would be a lengthy transitional period before the new ratios had to be applied in

Nowadays this is no more an urgent discussion topic than the debt problem which simmers menacingly in the background but rarely flares up. The German banks, rather late in the day, gave their support in principle" to the US Baker Plan-and that, for the present,

Besides all this the Bundesbank (central bank) has done quite a lot in the last two years

Germany bas had a centre-right successfully lobbled the Govern-Government dedicated to cut-ting state borrowing and en-tax which foreigners bad to pay tax which foreigners bad to pay on the loterest they received from German domestic bond investment.

> It also gave the green light to financial novelties like floating rate notes, zero coupon bonds and currency swaps which it had previously opposed. Most recently, it slightly relaxed its minimum reserve rules ond allowed the introduction of D-Mark denominated Certificates of Deposit, although these have so far been cold-shouldered

platz Deutschland "vis-à-vis
foreign centres, thus encouraging net capital inflows and a
buoyant D-Mark. This "further
liberalisation" policy (as the
Bundesbank likes to call it to
emphasise that the German
capital market was pretty
liberal even before) is specific as double added symmething of a double added symmething of a double-edged sword for the German banks. It gives them domestic access to new instruments they did not heve before but it also brings them tougher competition from

foreign banks on their home The foreigners have been moving in strongly, attracted by the new opportunities, and have penetrated several of the bastions long held by the German banks alone. Most recently, foreign banks have been permitted to take part in the Federal bond consortium (which places government, post and railway bonds) with a 20 per cent quota which German banks claim is excessive, Just over a year ago the

to lead-manage D-Mark Euro-bond issues, lucrative business previously denied them. Only the Japanese were excluded then on the grounds that Tokyo did not offer German banks a reciprocal benefit. But even the Jopanese are likely to be allowed to lead-manage in a few months' Hime

The bond-issuing business catches a lot of the headlines these days but there is another field where the German banks may feel the pinch of foreign competition more strongly in cates of Deposit, although these have so far been cold-shouldered by the German banks.

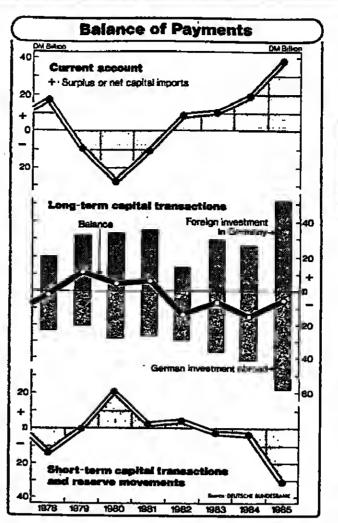
The Bundesbank's motives are clear enough. It wants to boost the competitiveness of "Finanz-platz Deutschland" vis-à-vis foreign centres, thus encourag-

> Here the three biggest Swiss banks, all of which are now, established in Germany, may give the domestic banks a lot to think about. That applies above all in southern Germany, where the Mittelstand especially fourishes—just across the Swiss

frontier.

It might seem absurd to suggest that the well-entrenched German banks have much to fear, with their branches all over the country from Flensburg in the far North to Garmisch-Partenkirchen in the south. But all those branches show up one of the problems. West Germany is already over-banked, with one full service branch for fewer than every 1,500 inhabitants (and the population is declining).

It is true that the German



it would be wrong to suggest that competition between the "big" commercial banks, regional banks, saviogs banks, co-operatives and so on is not fierce and getting fiercer.

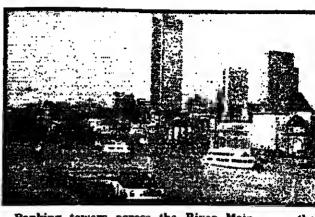
Moreover, the Federal Post Office is gradually boosting its quasi-banking activities while the insurance companiessompoient giants, are ponder-ing an expansion into "finan-cial services." Now come the foreigners, too, bungry for o slice of the rich German

slice of pudding. The other side of the coin is that the German banks have new chances as well as chal-lenges, at home and abroad. In principle as "universal banks," they are extraordinarily well structured to scoop up new business in fast-deregulating financial markets.

A decade or so ago London and New York would tend to look in horror at 2 German system under which banks could take deposits, make loans, ingry, moved all its non D-Mark

nnderwrite securities and make mergers and acquisitions—all "under one roof," as it were. Now "big bangs" and lesser upheavals across the world are breaking up the old structures and the "universal" system looks more like a model than a source of outrageous privilege. In a sense, the Ger-mans were already ready for take-off when others were redesigning their rockets. In practice the German

In practice the German banks have neither been quick to expand geographically nor nimble in making use of new financial instruments. Naturally there are exceptions. German banks long ago set np shop in force in Luxembourg driven there by the Bundesbank's minimum reserve rules. Several have already braved the weary-ing negotiations needed to open (partly-owned) securities opera-tions in Tokyo and others will



Banking towers across the River Main financial district of Frankfurt

Top 10 West German banks

	World Grou sheet lotals 1985	
l Deutsche Bank AG, Frankfurt	242,700.0	232,300.0
2 Dresdner Bank, Frankfurt/M.	188,664.0	174,723.0
3 Westdeotsche Landesbank Girozentrale Düsseldorf	142,109.0	141,494.0
4 Commerzbank, Frankfurt/M.	137,224.0	122,687.0
5 Bayerische Vereinsbank, Mü.	132,399.0	124,160.0
6 Bayerische Hypotheken-ond Wechselbank, München	112,640.0	105,137.0
7 Bayerische Landesbank, Girozentrale, München	108,271.0	104,825.0
8 DG Bank, Deutsche Genossenschafts- bank, Frankfurt	103,745.0	83,240.6
9 Norddeutsche Landeshank Girozentrale Hannover + Braunsebweig	92,615.1	88,178.9
10 Kreditanstalt f. Wlederaufbau	85,769.0	78,538.0

furt to London, an act which, perhaps more than anything else, shocked the Bundesbank gramme at home. But compared with the size of the West Ger-man economy end trading interests, as well as the pace of financial development world-wide, the banks' activities bave

been relatively modest. There are probably two reasons for this. One is that reasons for this. One is that the banks were in any event slow to venture abroad ogain after the 1939-45 war. After all, the big German banks were split up by the Allies and it took time to regain a unified structure. When the banks finally went abroad again they did so cautiously and often in did so cautiously and often in co-operation with wider Euro-

pean banking groups.
That is changing. Witness
Deutsche Bank's moves to take over step-by-step the European Asian Bank which it previously CONTINUED ON PAGE 2

CONTENTS Profile: Wolfgang Kartte 2 The stock market Privatisation Landesbanks Foreign banks The Bundesbank The Bond Market Savings Banks Special banks Bossing the Big Three Profiles: The Ponto Foundation

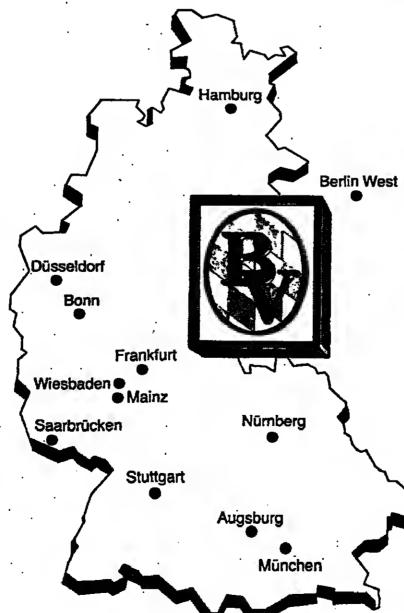
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# WEST GERMAN Banking, Finance & Investment 2

Liberalisation

# Responding to deregulation

THE BUNDESBANK (central monetary officials that Ger some coupon tax, invested Mr Stoltenberg to change his bank) has been called many many, for all its excellence in DM 31.8bn in German bonds mind on abolition after all. The Government is also seek-tar, "the foreigners" best danger of missing the bus as earlier.

The Bundesbank (central monetary officials that Ger some coupon tax, invested Mr Stoltenberg to change his mind on abolition after all.

The Government is also seek-ing to improve the stock market friend." Perhaps it is about to

Last year opened the way for foreign banks in West Germany to lead-manage D-Mark Eurobond issues. From this month those banks are also able to take part for the first time in the consortium which places bonds of the Federal Govern-ment, Post Office and state railways (Bundesbahn).

Many German banks already in the consortium complained that the Bundesbank was going too far in offering foreign banks quota in the syndicate of as much as 20 per cent. It listened patiently to this objection, but still went ahead with its plan. The Bundesbank's actions are dictated by more than altruism. In both cases mentioned the relaxation applies only to foreign banks which are incorporated in West Germany with

a full banking licence.
In other words the central bank is doing what it can to ensure that D-Mark issuing business stays firmly anchored in the Federal Republic and is carried, out he institutes on carried out by institutes on which it is able to keep a sharp

But the Bundesbank is also reacting to the growing inter-nationalisation and deregula-tion of financial markets, which West Germany and its currency.
Since the 1970s a lot has changed for the Bundesbank.
In those days the bank feared that the D-Mark would be drawn into playing an ever greater part as a reserve cur-rency. Heavy capital inflows, it was thought, would make con-trol of money supply (and hence of inflation) more diffi-cult, while the currency's increasing strength would weaken the price competitive-ness of West German exports.

The years 1979-81 changed all that. The country went into current account deficit and the Bundesbank felt forced to take drastic steps to staunch big out-flows of funds and prop up the D-Mark. In 1982 the current account was back in the black agam and the country's overall economic position began steadily to improve — but that lid not simply signal a return

did not simply signal a return to the old days.
Policy-makers faced two closely-related questions. How could the role of the D-Mark be holstered durably and how could Germany's financial markets, as well as its communic fundamentals. The improved:

PROFILE: WOLFGANG KARTTE

danger of missing the bus as earlier.

a financial centre in the face of sharply rising competition, above all from London, New main grounds.

York and Tokyo.

Almost all the liberalisation steps (the Bundesbank prefers to call the process. "further liberalisation" to underline that German capital markets were pretty liberal even before) over the past two years must be seen in that general context.

They began with the abolition, from Angust 1984, of the notorious coupon tax which foreign investors had to pay on foreign investors had to pay on the interest they received from German domestic bonds. They continued in May last year with the abolition of the sub-commit-tee of German banks which used to set the size and time-table of D-Mark Eurobond issues.

Simultaneously, foreign banks were allowed at last to lead-manage these issues, with the exception of Japanese banks the exception of Japanese banks barred on the grounds that Tokyo did not offer German banks reciprocal advantages. At the same time the Bundes-bank gave the green light to new financial instruments on which it had previously frowned — including Floating Rate Notes, zero coupon bonds and

currency swaps.
In further moves taking effect this May, the Bundesbank comewhat relaxed its tough minimum reserve requirements (the sums banks have to deposit interest-free with the Bundes-bank) and has given the go-ahead to the issue of D-Markgo-akead to the issue of D-Mark-denominated Certificates of Deposit (CDs). So far, how-ever, only one bank is known to have actually issued D-mark CDs in Germany and that is a foreign one—Morgan Guaranty. Despite the slow start on CDs.

all these steps together have gone some way to hit the target that German monetary authori-ties aimed for. The greatly increased attraction of German inercased activities of Cerman financial markets is seen most clearly by the growing number of foreign banks setting up in Frankfurt and other cities. But a glance at the country's capital account is revealing too.

Last year long-term capital exports from Germany rose to DM 580n after DM 420n in 1984, not least because German residents were leveling a let of high-

dents were buying a lot of high-yielding foreign currency bonds. But at the same time long term capital imports doubled to DM 62.1bn from DM 28.5bn in

purchasers thus moved to join the banks as the main group of buyers on the German bond market. The overall result was that the country's long-term capital deficit more than halved last

year to DM 6.3bn from DM 15.7bn in 1984. That modest 1985 shortfall exerted no real downward pressure on the D-Mark exchange rate in view of the buoyant current accoun

of the buoyant current account surplus, which almost doubled to close to DM 40bm.

Indeed, the D-Mark has constantly strengthened, rising from early in 1985 to mid-June this year by more than 40 per cent against the US dollar and by account 10 per cent against cent against the US dollar and by around 10 per cent against the currencies of 14 important trading partners. The D-Mark is now relatively weak within the European Monetary System for reasons which have to do with the realignment in April, but that weakness will probably be only temmorary.

be only temporary.

Even so, it would be too easy to say "liberalisation accomplished, situation stabilised." True, after its weak phase at the start of this decade the D-Mark has been able to make good its role as the world's second main investment cur-

second main investment currency — though still a long way behind the dollar.

That raises the question of what else could, and should, be done to help make West German financial markets still more attractive. One main key lies squarely in the hands of the Federal Pinance Minister, Mr Gerhard Stoltenberg, who should surely abolish the Börsenument steuer — the stock semumsatistener — the stock market stamp duty applied on securities transactions in Ger-

many.

Because of this levy the secondary market in, for example, Floating Rate Notes has gone to London, where no such tax is epplied on foreign issues. Much the same would apply to a secondary market for the (so far almost still-born) CDs.

Mr Stoltenberg has already indicated privately that he intends to drop the tax in the next legislative period (from next year, assuming that the present Centre-Right Govern-ment is returned to office). But the Government has recently been collecting more revenue from this levy, thanks to the booming securities markets. Supporters of an active

Supporters of an active secondary market in Germany are fervently hoping that this

ing to improve the stock market structure and bolster West Germany's venture into capital activities, but progress here is slow. (See separate article).

Last year the D-Mark had a share of around 7 per cent of the total volume of inter-national bond issues and about 14.5 per cent of global foreign exchange reserves. But at the same time the Federal Republic has e fast-growing role 2s a turntable for international funds, which has drawbacks as well as benefits.

For example, the turnover volume of iong-term capital transactions across the West German frontier has been growing at an annual average of more than 20 per cent, and of portfolio transactions alone at an annual average of over 40 per cent. Foreigners, are key players in the German bond market and much the same is true on the share market albeit at a lower volume.

This greatly increased volume, and potential volatility, of international funds naturally cause problems for the watchdogs of German monetary policy, who have long been remarkably successful in keeping to their money supply

It also raises the unestion of how sharply the D-Mark might drop in stormier times — for example if Germany's economic "fundamentals" began to look less satisfactory or if there were political changes tending cautious about putting so much of their funds into D-Mark

The most dramatic develop-ment would be to create "offshore banking facilities."

This would also be the most logical step, according to Mr Walter Seipp, head of Commerzbank. He points out that part of the banking business which previously flowed away to foreign Euromarket centres would be repatriated to Ger-many and that steps could readily be taken to ensure that such offshore facilities did not pose new problems for money

supply control. It would be unwise to rule out that step for good, but the Bundesbank has come a long way in the past two years and it now seems to have nearly reached its limits. Foreign banks, at least, might give it a

Jonathan Cart

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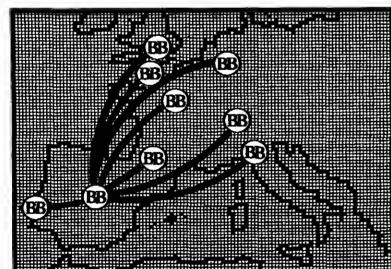
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BANCO DE BILBAO

# Ten vears as 'the underdog'

"I'M NO Savonarela who wants Bank 10 per cent. By the time to revolutionise everything," other interested parties had proclaims Mr Wolfgang Kartte, also been accounted for, the the president of the Federal number of shares in public Cartel Office. Yet from his office in Berlin, Mr Kartte has been sumber of shares in public Cartel Office. Yet from his office hands was only 3 to 4 per cent. In Berlin, Mr Kartte has been But the office has to back stirring up the banking world by criticising the banks' in bard evidence, and this has volvement in some recent been difficult to come by. The

volvement in some recent merger attempts.

He has accused banks, both German and foreign, of collud-ing with their clients to get round the cartel law which says that no company may buy more than 25 per cent of another without Cartel Office epproval. In many cases, which his office has documented, an acquiring company's banks have bought sizeable stakes in the target company, creating an apparent company, creating an apparent is good, it gets my votes in said alliance bolding well over half Mr Kartte.

After nearly 10 years in the

the shares, sometimes more than three quarters.

"There is nothing illegal about this," says the stocky, gravelly-voiced Mr Kartte, "but it lacks Fingerspitzyefuehi"—one of his favourite words, best rendered as "sensitivity."

For example, when MBB, the serospace company wanted to buy Krauss-Maffel, the arms and engineering company, Mr Kartte's staff found that MBB interests beld 24.85 per cent of Krauss-Maffel stock; two Bavarian banks held 25.5 per cent and 10 per cent respectively; the Dresdner Bank 11 per cent; and the Deutsche Maffel, Mr Kartte is accustomed, of course, to the wiles of the course, to the wiles of the od course, to the wiles of the double of course, to the wiles of the word, and he jokingly refers to himself as "the underdog." But he believes the banking case goes beyond the narrow question of strict adherence to German cartel law.

"Banking is all about competition. There must be a content of Krauss-Maffel stock; two together," be says. While supporting the concept of "universal banking," which allows banks to invest in industrial competition.

office has no investigative powers, and it suspects that many of the documents forming these alliances are safely locked away in Switzerland. Bankers, naturally, deny his charges.

in to see Mr Kartte said that there was no formal agree-ment in his case. "But he told me, 'So long as that company

Public Finance

TAX REVENUE

Federal Governme

Länder governmen

Municipalities Source: Commerc



whether banks should be per-mitted to take strategic stakes in other companies. These are

in other companies. "These are really questions of banking really questions of banking law," he says.

Issues of banking power were widely debated in Garmany in the 1970s, when a special commission recommended curbs on banks activistes. But these were never followed through by the then socialist government.

Mr Kartie seems doubtful that measures will be taken to curb the practices he condemns—in

Change in % 1984 1985

the present political climate at least. He is also unenthusiastic

# Well set to win new business

CONTINUED FROM PAGE 1

owned with several partners. But there is still a sense that German institutions do not flit so easily across the world as some of their key competitors

from other countries.

Beyond that, a psychological factor is probably involved too. The Germans are highly cautious and security-minded. They tend to be suspicious of novelty. They will walk round an innovation, prodding, test—that time, of course, the novely hyper-inflation has good reasoning, and probably writing long element may have long since for opting, in many different reports about it, before actually disappeared.

Income and corporation taxes

PUBLIC DEBT (at year-end)

giving it a try.

Ooce they are sure it will for this, A nation which lost work they will adopt it and probably use it more effectively divided, and has seen its than most other people. By currency destroyed through

402.T

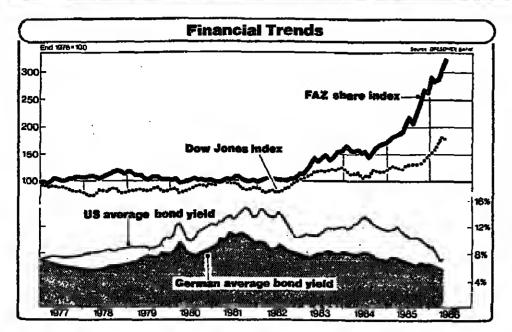
experiment.

The problem is that in some bighly competitive fields, such as microelectronics and financial innovations, the markets

tend not to wait for the cautious perfectionist. Such is the negative side of the picture. The positive one is that their native caution may help the German banks avoid costly errors in markets that display something of the uncontrollable energy of the sorcerer's apprentice.

For example, have the German banks been relatively little involved in the controversial Euronote facilities business sal Euronote facilities business occause they are too slow, because margins are too small or because they sense they might well be building on sand?

The answer is probably a hit of all three, But when tempted to poke fun at the punctibous German approach it is also wise to recall the table of the to recall the fable of the tortoise and the hare.



#### Privatisation

# The windows are ajar

IN WEST GERMANY all things are relative. The present centreright coalition took office in October 1982, committed to a forthright free-market approach to the economy, centred on amhitious plans to cut the state's hopes to start on the disposal of the committee direct involvement in industry hy a major programme of "pri-vatisation," and to hreathe new life into the country's stuffy financial markets.

Three-and-a-half years on, and barely seven months before new general elections, its record hy international atandards is

mixed at best.

A measure of privatisation has been achieved, and the windows of the markets have been opened a little. But the results are modest indeed when set against the sale of state holdings forced through by a Conservative government in Britain, or if compared to the Blg Bang for which the Gity of London is bracing itself this

So far, Mr Gerhard Stolten-So far, Mr Gerhard Stoltenherg, the Finance Minister, has succeeded in reducing only two of the Government's major holdings in German industry. In 1964, Bonn netted DM 800m when it sold off 14 per cent of its stake in the energy conglomerate Veba, leaving the state with around 30 per cent.

Thereafter came a long hiatus, Mr Stoltenberg wanted to cut the Federal Government's

hiatus. Mr Stoltenberg wanted to cut the Federal Government's steps to cut the Federal Government's have been eclipsed by other interest in Lufthansa, the national airline, to 55 per cent from the present 74 per cent. But this move, long seen as a bittous of these, involving Feldmust test of his seriousness of purpose, was blocked by objections from Mr Franz Josef Theoretically of more fundamental releases in a country.

around DM 750m.

More, though, is promised later this year — and above all in 1987 and 1988. Bonn aims to sell 55 per cent of its present

Next year Mr Stoltenberg hopes to start on the disposal of the state's remaining minority holdings in the Volkswagen car company, and the energy group Veba, currently standing at 20 and 25.7 per cent respectively. Between them, the stakes have a market value of some DM 5.8bn; and the DM 4.5hn of income the minister is anticipat-ing in 1987 and 1988 will be vital if the public borrowing requirement is to be kept from increasing sharply.

Further ahead, part of the Salzgitter steel concern, the Government's largest single majority holding and now restored to financial health, could be sold off.

could be sold off.

"We aim to privatise gradually other direct holdings of the government," Mr Stottenberg says, promising a fresh round of sales if the centreright retains power in January. In fact, though, privatisation is of comparatively small importance in the grand design of broadening and strengthening the capital markets. The

ing the capital markets. The German Bundespost will not go the way of British Telecom, and the Government's steps have been celipsed by other forestens, sourced by becoming

and, in the process, to a more flexible stock market structure to receive

One prong of the assault is the proposed bill, with the

COMPANIES ON THE MOVE

PREFER FRANKFURT

intimidating title of "Gesetz neber Untarnehmensbeteiligungsgesellschaften" (or Law on Companies which take Equity Stakes in Enterprises), designed to encourage the public to put money into venture capital concerns, which then inject capital into small companies. But the safety provisions built into the bill are almost at odds with hill are almost at odds with the flexibility and risk-taking spirit it is intended to foster—and in the view of many bankers the measure could prove counter-productive.

The requirement, for example, that such companies must bave a capital of at least DM 2m and spread their investments among at least 10 different companies, may be fine as protection for the ordinary small investor. In practice, however, it may well mean that mainly big institutiona like the already omnipotent hanks will launch the new concerns, and quite possibly employ them as recep-tacles for holdings they already

More legislation, which, like the venture capital proposals, is still before parliament, involves the creation of what amounts to an unlisted securi-ties market along British lines.

This Geregelter Markt has been tailored to appeal to smaller companies, at present frightened away from the stock exchange by high listing costs and the exhaustive regulations which govern the official market.

But the progress of both But the progress of both hills, which went before the Bundestag in 1985, bas been maddeningly slow. Finance ministry officials reckon they should be on the statute book hy autumn. But their first fruits—not to mention the further doses of reformist tonic, promised by Mr Stoltenberg—may well have to await a centreobjections from Mr Franz Josef Strauss, the powerful Prime Minister of Bavarla. Finally, where state ownership of this spring, his campaign regained momentum with anouncement of plans to sell off 40 per cent of Viag, the state-owned chemical, energy and aluminium concern, for around DM 750m.

Theoretically of more funds—maddeningly slow. Finance mental relevance, in a country should be on the statute book by autumn. But their first fruits—not to mention the further doses of reformist tonic, promised by Mr Stoltenberg—and aluminium concern, for around DM 750m. that West Germany's financial community will press on by

Rupert Cornwell

### The Stock Market

# The wallflower takes third place

MUCH IMPROVED—but must do better still! A fair judge is surely forced to give that surely forced to give that verdict on the West German stock market in mid-1986.
Compared with the puny, lack-lustre object of a few years ago, today's market positively scintillates; but it still falls well short of the kind

of market you would expect to find in so highly developed an

Undeniably, the market has grown greatly in volume and diversity. Last year the turn-over of all German stock over of all German stock exchanges together totalled DM 436hn, a rise of 79 per cent on the 1984 figure. Germans stress, with mingled pride and astonishment, that this makes their market the third biggest in the world in turnover terms, following Niew York and Tokyo following New York and Tokyo but in front of London.

following New York and Tokyo but in front of London.

A few years ago this reault would have seemed unattainable. The German market seemed doomed to stay an unsttractive wallflower at the world stock exchange hall. gloomly predictable and courted in the main by a few portly German banks.

Nowadays there is a lot more to watch than familiar blue chips like the "hig three "chemicals companies, Siemens (electricals) or Daimler-Benz (vehicles). There has certainly been no flood of companies "going public," but at least there has been a pretty steady stream. They include internationally-known names like Feldmühle-Nobel (the former Flick group), Henkel (detergents), Porsche (fast cars), Springer (publishing) and Nixdorf (computers), as well as a fair stread of smaller but dorf (computers), as well as a fair spread of smaller hut

going to the hourse. In 1983 exchange rate gains because of there were 12 with an issue volume of DM 319m, in 1984

The key question is whether more than a score with a volume of DM 1.7bn, and last year just 12 again—hut with a volume of DM 1.8hn.

This year the DM 2hm Feldmühle-Nobel issue alone has ensured that volume in 1986 will he a record.

Naturally, the almost con-tinuous bull market since the summer of 1982 has been a key factor, helping persuade com-panies to go to tha hourse for the first time. That market up-swing was caused by several things—including the switch to a centre-right government from one of the centre-left in late 1982, and an encouraging economic environment with steady growth and falling inflation.

Yet another factor has been the change of generation and —to some extent—in psychology in Germany. For one thing, entrepreneurs who built up, or sustained, their own husiness in the post-war period do not always have children who want to stay with the firm—so a pub-lic share flotation offers one way out of the dilemma.

For another, more young Germans are keen to found their own companies with the aim of own companies with the aim of going public after a few years; and there are more venture capital outfits around with advice and funds to help them. All that said, the equity market in Germany remains a fragile flower which needs careful tending. It owes much of its new-found bloom to the attentions of foreigners who performed the said of th

tions of foreigners who per-ceived the steady economic pro-gress in Germany, felt (cor-rectly) that many stocks were fair spread of smaller hut gress in Germany, felt (corlively enterprises.

At the start of this decade almost no new companies were gress in Germany, felt (corlively enterprises.

The strange control of the strange control of

The key question is whether ing such enthusiastic share-holders that they could broadly sustain a domestic market in which foreigners were showing dwindling interest. The answer is almost certainly no. Germans bave overcome some of their traditional suspicion of share investment, but they are not yet devoted market players. And if the market weakens as foreigners withdraws, what happens to that flow of new bourse entrants?

The corollary is that steps need to he taken to help keep foreigners interested in the German market, and to prove to Germans that share investment really is a viable alternative to bonds or savings accounts. This need is broadly recognised— hut progress is slow.

For example, after more than For example, after more than a year of tortuous (and tortured) discussion, the eight regional stock exchanges (Frankfurt, Düsseldorf, Munich, Stuttgart, Berlin, Hamburg, Hanover and Bremen) last month finally set up a common association. Previously, they had only a loose "working group."

This new body aims to foster much - needed technical and structural change—for example hy cutting duplication of effort and paperwork among the eight; hy drawing up an annual report with country-wide statistics; hy harmonising computer hardware; hrioging in a longer settlement period for stock exchange transactions.

Capital Market

FIXED SECURITIES	1983	1984 DM hn	1985
Gross sales of domestic bonds†	226.7	227.4	261.2
of foreign DM bonds	17.0	19.1	31.1
Net sales of domestic bonds†	87.6	72.1	79.4
Outstanding at year-end	<b>86</b> 5. <b>\$</b>	9 <del>1</del> 6.3	1,046.7
including DM foreign bonds	87.6	<del>96</del> .3	117.4
Yield at year-end*	8.3%	7.0%	6.6%
OFFICIALLY QUOTED SHARES			_
Total market value at year-end	225.7	246.7	438.8
Dividend yfeld‡	3.3%	3.6%	2.5%
Commerzhank index (changes)	+ 36.5%	+6.4%	+76.1%
Capital increases			
(cash proceeds)¶	2.7	2.4	6.7
Stock exchange trading	84.1.	84.7	210.7
INVESTMENT FUNDS FOR SMA	LL INVEST	ORS	
Net sales	3.82	4.17	8.28
including: bond funds	1.7 <b>2</b>	4.54	8. <b>49</b>
equity funds	0.57	-1.13	-0. <del>96</del>
real estate funds	1.52	0.76	0.75
Total assets as at year-end	39.79	46.39	58.76

retaining the regional ex-changes), and will use its increased weight to lobby the government on desirable rethe current legislative period, hut it is worth considering after the next general election, in

†Nominal. \*Domestic securities outstanding. ‡Incinding tax credit. ¶According to Commerchank statistics.

improve stock market structure, not easy for some regional encouraging more medium-sized exchanges with long traditions companies to go public while to join the new association, giving better protection to investors. But it surely needs Düsseldorf (which account for companies to go public while giving better protection to investors. But it surely needs to provide tax concessions, too, hoth on the corporate side and by removing the stock market turnover tax levied on all securi-

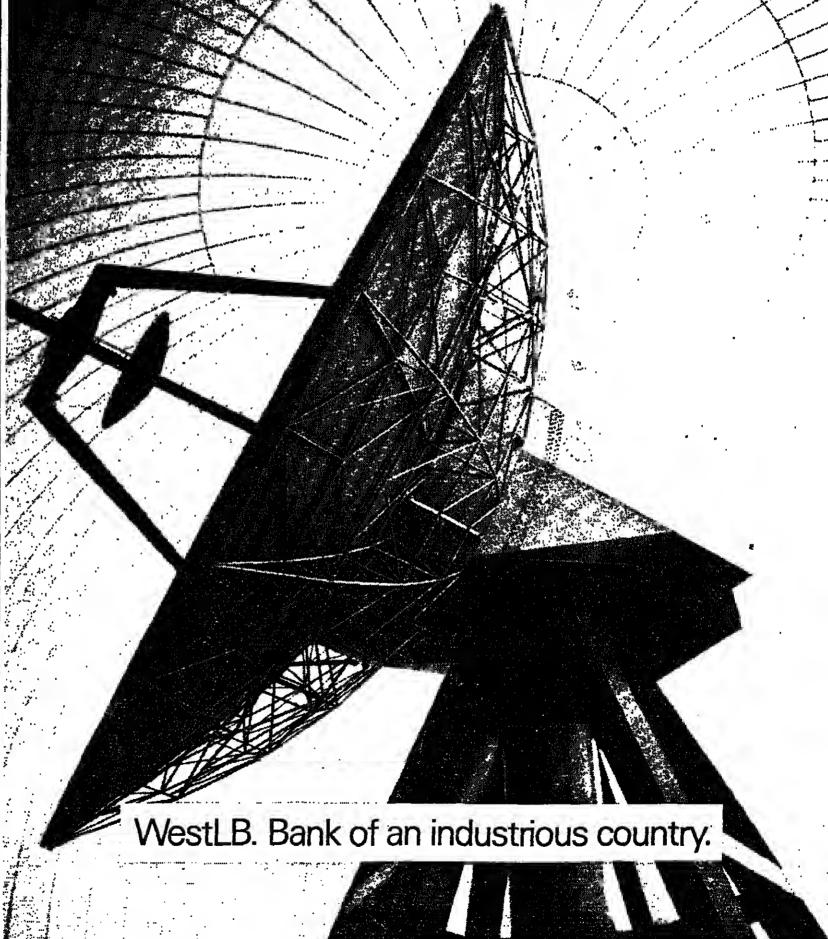
Rather than penalising share investment, the Government should probably consider substidising it—at least until the habit has stuck. That cannot be expected in what remains of market does not offer investors—German and forcign—the scope and facilities they want, the business will simply drift elsewhere.

Jonathan Carr

January.
All these reforms cost some

forms.

All these reforms cost something, either in money or presseeking, through a new bill, to
tige, or both, It was certainly more than 80 per cent of stock market turnover) will dominate the show. But the harsh truth is that, if the German stock market does not offer investors



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Head Office Düsseldorf

# WEST GERMAN Banking, Finance & Investment 4

#### Landesbanks

# Stalemate is not the end

have good reason to wish he had not been so hasty. He had berg bad been plagued with groups, as well as Robert problems from the start, and Bosch, the car components he decided to leave the manage group, and the SEL electricals

ing hoard for a new job.

But, only two months later, So it must have been with medium-sized business, pro-considerable dismay that he viding export assistance and learned of the June 18 with-

drawal of one of the four pros-pective partners which dealt the

Spath. He has invested considerable personal effort and prestige in realising his vision of welding four relatively small local hanks into one large re-gional institute capable of holding its own against Germany's

higgest.

His plan was to merge the region's two existing regional banks—the Landesbank Stuttgart and the Badische Kommunale Landesbank—with the Karlsruhe-based Landeskredithank and the country's second biggest savings bank. Stuttgarter Landesgirokasse.
The new state bank—which

was to bave opened its doors on January 1 1987, with a balance sheet of nearly DM 110bn—would have been one of the 10 biggest banks in West Germany.

The Premier's concern—some might say crusade—is under-standable, in view of both the important role played by the Landesbank in shaping regional development and their strength on the German banking scene. The Landesbanks control nearly 16 per cent of total husiness volume, while the savings banks add a further 22 per cent.

The regional banks carry out a central clearing function for the state savings banks which, together with the local governments, are their main share-holders. The larger of them havn extensive operations, both in the domestic market and abroad, but all arn committed to one degree or another to

temberg is not well represented in the ranks of the regional atready concluded in April that the plans for one of Germany's of Germany's preminr indus-biggest recent bank mergers—trial groups. These include biggest recent bank mergers— trial groups. These include involving his Landesbank Stutt- Daimler Benz, its growing gart—would never materialise. ambitions in high technology Efforts to build up a new re-gional bank in Baden Wurttem- of the AEG and Dornier

Mr Spath has seen a largehe was persuaded to returo scale regional bank as essential with the vinw that the plan bad to assisting the process of gained a convincing momentum structural change in the state, after series of earlier setbacks. as well as promoting small and finance, and helping to bring new companies to the stock

plao another, this time possibly fatal, blow.

The proposal is the brainchild of Baden Württemberg's nonnesense premier, Mr Lothar

Meighbouring Bavaria'a Bayerische Landesbank, for example, has assets of DM 108bn and is the seventh biggest bank in the

country. Farther north, in North Rhine Westphalia, which includes the Rubr industrial area, the West-deutsche Landesbank (WestLB) is not only the biggest of the Landesbanks but also the num-Landesbanks but also the number three institution in Germany after Deutsche and Dresdner. In fact, both institutions originally grew out of mergers of smaller local banks. WestLB and other large Landesbanks were, for some time, the focus of a broad debate about the growing scope of sheir foreign activity with of their foreign activity, with some in the banking community arguing they should concentrate more closely on the domestic

market nationalisation of financial markels has, over time, under-cut this view. WestLB is, for example, well established abroad. And not least in the bond markets.

It recently purchased a 74 per cent stake in the Bank fur Credit and Aussenhandel, in Eurich, and is expending its New York and Is expanding its New York and London opera-tions. Moreover, it has started negotiations with Japanese banking authorities about establishing a securities trading operation to Tokyo, and has opened a representative office

in Beiling.
This is the type of bank that
Mr Spath is seeking to build.
But his campaign has been complicated by, among other things, the fact that the two Landes. abroad, but all arn committed banks in Baden Wirritemberg to one degree or another to helping fuel local development. savings banks: while, elsewhere

substantial degree in the hands

of state governments. The immediate reason for the latest stalemate was the deci-sion by the managing board of thn Stuttgarter Landesgirokasse to withdraw from the group.
Although possibly related to
regional political manoeuvring,
the bank's official position has been that the proposal does not offer business advantages sufficient to justify the requirement that it closes 80 of tra

Without the Landesgirokasse as a source of low-cost funds, the new regional bank would be seriously hamstrung.

Yet another element of un-certainty is the extent of expected future write-downs on bad investments—following an earlier series of misfired pro-perty loans—at the Badische Kommunale Landesbank (Bakola). In fact, the group is under investigation, and both its man-

investigation, and both its managing director and his deputy were recently forced to resign.

Over time, many of the Landesbanks have been hit by financial misfortune. One example is the beavy loss provisions and write-offs at Deutsche Anlagen-Leasiog (DAL), one of the country's biggest leasing operations. The company is owned to a total 90 per cent by the four biggest regional banks. WestLB has the biggest share, with 30 per cent.

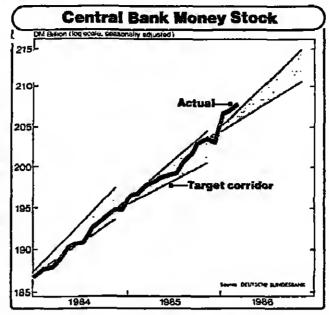
with 30 per cent.

WestLB bas not paid a dividend since 1979, having set aside a total of DM 1.4bn in losses and risks associated with the DAL-affair. This was despite often buoyant operating profits at the bank, which rose by DM 100m last year to DM 1.42bn. The latest serious stalemate does not, bowever, mark the end of the Baden Wirttemberg effort. Mr Spath has vowed to continue work, and the withdrawal of the Stuttgarter Landers desgirokasse is not necessarily final.

However, even if a compromise is patched together, the new bank will face considerable challenges. Not least among these is successfully merging four different business culturea into one smoothly-working unit.

Moreover, the partners have
little experience or expertise in
guiding companies to the stock market. In contrast to their estab-

lished rivals, they also bave a meagre spread on the foreign front—in the midst of the rapid internationalisation of financial



#### The Bundesbank

# Reins may not be loosed

cropper? Specifically, is the Bundeshank going to fail this year to keep to its money supply target for the first time since 1975?

Late last year the Bundesbank (central bank) set a target zone for growth of its money stock to the end of 1986 of hetween 3.5 per cent and 5.5 per cent; but monetary expansion so far has been well above the upper limit of the "corridor."

Does that matter much? Part of the excess is due to special factors, for example, the inflow of funds to Germany preceding revaluation of the D-Mark within the European Monetary

Moreover, the cost of living bas actually been falling compared with a year ago, so that it might seem neurotic to say that the fast-expanding money suon's might feed a new round of inflation.

For all that, the problem is not so easily dismissed. For one thing the fall in the cost of living is due to cheaper imports, caused above all by the weaker dollar and plummeting oil prices. Exclude that external factor (and the falling oil price can hardly be guaranteed in-definitely) and West Germany's "home made" Inflation is seen to be rising at a year-on-year rate of around 2 per cent.

That is no cause for alarm David Brown but it is quite enough to make the Bundesbank wary of loosening the monetary reins still fur-

achieved its money supply objectives (in the past two years it landed uncannily in the middle of its planned range) that it risks losing credibility if things go wroog this year.

It does not imply that the Bundesbank is a dogmatically monetarist institution. True, it was the first central bank to announce (in late 1974) a target for money supply growth in the following year, but it never claimed that control of the money stock was enough of itself to bring price stability.

Targeting was seen as an aid in the battle against inflation, not a patent solution. Indeed, at the start ooe senior Bundes-bank official sourly called the targeting business

At first there seemed to be something in that judgment. Up to and including 1978 the Bun-desbank failed to meet its targets, partly because it was still experimeoting; but meanwhile it has refined and reformed some of its key monetary instruments and its performance over the past seven years has been remarkably accurate.
It has become more flexible

in the ways it provides central hank money, relying much less on the "big drum" of changes in discount and Lombard rates and more on finely-tuned injec-tions of liquidity through securities repurchasing agreenents with the banks.

True, in May this year the

ARE THE world's most successther, as some foreign countries
ful monetarists about to come a
are urging it to do. Moreover,
cropper? Specifically, is the
the Bundesbank has so long
which specify how much money the banks must tie up interest-free at the central bank. But that does not imply that minimum reserves are likely to be abolished altogether in the near

> The instrument is seen as The instrument is seen as important, above all, as an automatic brake on monetary expansion—that is, one which operates even before the Bundesbank has statistical evidence of the growth and can bring its control measures to hear

The Bundesbank does not The Bundesbank does not normally get too upset over short-term over-running of its money supply targets, and there is still time for a corrective in the later months of this year. But even so the fast expansion is causing some furrowed brows. Some bankers even suggest that there are parallelled. gest that there are parallells with the "black year" of 1978. In 1978, as now, the D-mark was strengthening and Import prices and inflation were falling, but Bundesbank money stock grew faster than planned (11 per cent instead of the target of 8 per cent), From 1979 on inflation rose sharply by West German standards—conching a

peak of 6.3 per cent in 1981. There are several key differences in the economic and financial situation of the Federal Republic then and now, it is true, but the 1978 experience serves as a warning all the

Jonathan Carr

# Foreign Banks

# 'Big wheel, small profit'

more scope to deploy their talents and to challenge the German banka on their bome

The question, though, is just how successfully they can exploit these new opportunities. that only one foreign bank, CSFB-Effectenbank, the Credit

It is noticeable, for example, Suisse subsidiary, has rusbed to take advantage of the new rule allowing foreign banks to lead manage D-Mark bond issues. By

largely because of the fear of By the same token, it will be

interesting to see how foreign banks fare in the Federal Bond Consortium, to which they have just been admitted. This will give them a sbare in the periodic issues of Government agency bonds. But, since their obligation will be to take bonds up in bad times as well as good,

their staying power will be closely watched.

While there is a certain caution among foreign bankers in Frankfurt, they see nothing but good in the tide of liberalisation. If there is a complaint, it is that things are not moving fast enough.

fast enough.

Frankfurt may not be
London, New York or Tokyo
in the world league table, but
the combination of booming markets and liberalisation has made it much more attractive on the securities side. The fact that banks in Germany combine the function of brokers and bankers, under the "universal banking" concept, means that they are best placed to tap growing foreign interest in in-vesting in German bonds and stocks. For many of them, this could actually prove to be their

main reason for having a branch there. Germany plays bost to over 220 foreign banks from some 45 countries. Traditionally, they have learned their way by lend-ing to the local subsidiaries of their big corporate customers from back bome, financing exports, and supplying services like foreign exchange and corporate finance zavice.

Fighting for a share of the domestic commercial loan market has been frustrating. The biggest German corporate clients command terms so fine that there is little profit in it for foreign lenders who do not have access to cheap retail On the other hand, the more

lucrative middle market is extremely hard for foreign banks to crack. Citibank, which bas the largest presence in Germany of any foreign bank, recently pulled back from that market after management had second thoughts.

As one banker commented: As one banker commented: "You turn a very big wheel for

a small profit. Morgan Gnaranty, which is widely respected for its corpor-

LIFE FOR foreign bankers in Germany has become distinctly more interesting over the past year or so, thanks to the liberalisation of the German finance industry. It has given them more scope to deploy their largely because of the fear it can operate more efficiently out of its single centre in Frankfurt.

One way of tapping smaller German businesses is by acquisition, since this brings the "German-ness" which corporate clients in the federal republic like to see in their banks. Mid-land Bank now has 70 per cent of Trinkaus and Burkhardt, the Dusseldorf-based private bank. This stake gives it access on a rare level to the German investment and loan market. But the constraint is that Midland bas to stand well book from Trin-kaus, which is still very much managed hy its own partners, which does not consider itself to he a Midland subsidiary, only a member of the Midland Group. Similarly, Lloyds Bank has been careful to preserve the specifically German private banking characteristics of banking characteristics of Schroder, Munchmeyer, Hengst, even to the point of preserving a name tainted by collapse (see

profile). More recently, the Swiss have moved in Credit Sulsse bought two banks, Grundig Bank and Effectenbank Warburg, which have just beec rulled into a single group. It is significant, though, that Credit Suisse has used its new vehicle mainly to attack the securities market rather than the commercial lending busi-

ness At the end of last year, Union Bank of Switzerland, that country's largest bank, bought Deutsche Landerbank in order to stake a claim to the German market. Swiss Bank Corp decided to set up its own office. The arrival of the Swiss in such force (along with the Bank in Liechtenstein which has also just opened in Frank furt) could, many foreign bankers believe, mark the start of a much deeper penetration of the German market by out-siders. The Swiss banks are considered to have characteristics which appeal to German cor-porate and individual hanking customers—solidity, a germanic culture and proximity. Through their private German banking clients — most of the senior businessmen — they should be able to tap the corporate

David Lascelles

# Baden-Württemberg 579

Adventures and Accidents (1934): African Adventure (1936); and Birds and Beasts in Africa (1938). He published his autobiography, Lessons of a

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# Baden-Württemberg

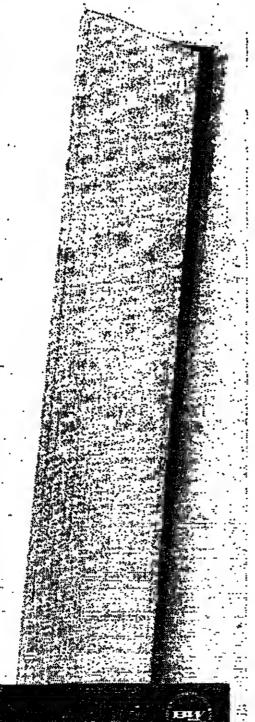
n a

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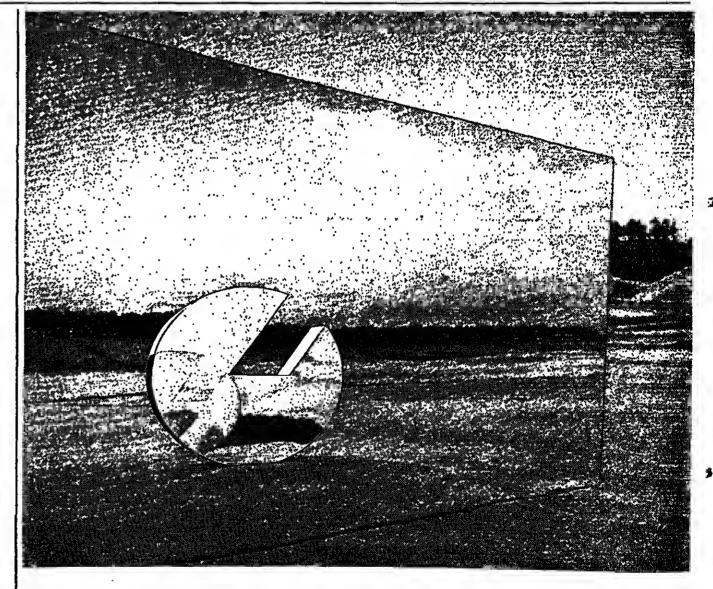
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Baden-Württembergische Bank.



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## WEST GERMAN Banking, Finance & Investment 5

Banks in West Germany								
		1984	Rank offices		1985	Rank effice	Year o change in s bank	n year number of
Category of hanks	Banks	Branches		Banks	Branches	total	Number	In %
Commercial banks	247	5,937	6,184	245	5,960	6.205	+21	+0.3
Big banks	6	3,119	3,125	6	2,115	3,121	- 4	-0.1
Regional banks and other commercial banks	103	2,501	2,604	105	2,256	2.631	+27	+1.9
Branches of foreign banks	62	50	112	63	45	108	- 4	-8.6
Private bankers	76	287	343	71	274	348	+ 2	+0.6
Regional gire institutions	12	246	257	12	239	251	- 6	-2.3
Savings hanks	591	17,131	17,722	590	17,204	17,794	+72	+0.4
Regional institutions of credit co-operatives	9	46	55	9	46	55	_	_
Credit co-operatives	3,707	15,880	19,587	3,655	15,929	19,584	- 3	- 9.8
Mortgage banks	27	28	65	37	29	66	+ 1	+1.5
Private	25	22	47	25	23	48	+ 1	+21
Public	12	6	18	12	6	18	_	_
Instalment sales financing institutions	82	537	619	78	492	570	-49	-7.9
Banks with special functions	16	78	94	16	79	95	+ 1	+1.1
Building and lean associations	21	17	35	21	19	40	+ 2	+5.3
Private	18	17	25	18	19	37	+ 2	+5.7
Public	. 3	_	3	3	_	. 2	_	_
Categories of banks not covered by the								
monthly balance sheet statistics	76	- 1	77	76	1	77	_	_
Investment companies	34	. 1	35	34	1	35	_	_
Securities depositories	8	_	8	. 8	_	. 8	_	_
Guarantee banks and other banks	34		34	34		34		
Total	4,798	29,960	44.695	4,739	89,998	44,737	+ 39	+0.1

### The Bond Market

# Mark spurs record issues

THE D-MARK foreign bond market has been in buoyant shape for much of this year. largely because of the strength of the currency against the dollar which prompted a record spate of new issues.

In the first five months of the year alone, some DM19.6bn of new issues hit the market, compared with DM 25.5bn for the whole of 1985. Yet yields on fixed-rate issues

have come down-only slowly. In-January the European Invest-ment Bank launched a 10-year DM 300m issue at a coupon of 6f per cent. By June it was still paying 6f per cent on a similar dated issue.

One does not have to look

hard for reasons why the D-Mark foreign bond market bas Mark foreign bond market has become attractive to international investors over the past year or so. Not only does Germany, like Japan, enjoy a massive surplus on its foreign trade and halance of payments (in the first four months the current account virtually tripled to DM 24 6hn), but with German



A branch of the Dresdner Bank in the

Une feature of the investor US rates were to rise later in diversification out of US curtheyear, as many in Germany rency this year has been a believe, German rates would not search for the highest yielding alternatives. And that has to DM 24.6bn), but with German consumer prices now falling, real interest rates are also very high.

So, if anything, the fundamental economic background this year could bave suggested an even sharper decline in yields, especially now that the dollar bas fallen sharply from its peaks in exchange markets. There are a number of reasons why this bas not happened.

One is that the Bundesbank has, for some months, been resisting a further cut in leading interest rates. The feeling there is that the money supply stock is growing too fast. Also Germany's remarkable track record on inflation masks the fact that the main depressant to tries again risen.

There are a number of reasons why this bas not happened.

One is that the Bundesbank has, for some months, been resistant with except for lower interest rates in Germany would recede even further if interest rates come official registration system way to a main depressant to tries again—and, since the spring, the optimism on wall Street over falling long term rates has given way to a deep uncertainty in which rates have again risen.

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There are a number of reasons on the story of the source of the Atlantic started to rise again—and, since the Eurobound market has also been shaken by the cumber-some official registration system of the Eurobound market has also been shaken by the cumber-some official registration system that the optimism on wall Street over falling long the properties of the Eurobound market has also been shaken by the cumber-some official registration system the street was opened up to a rates in Germany would recede the fall in inflation is, however, the sharp rise in beineve, German rates would not the lower interest rates of the year has been a sc

term rates has given way to a deep uncertainty in which rates has deep uncertainty in which rates have uncertainty in which rates differential between Germany and the US is of each month. The Bundesbank before the start of each month. The Bundesbank before the system, bundesbank before the start of each month. The Bundesbank before the start of each month. The Bundesbank before the sta

arrange the deal.

It all depends on timing, however. Since the Bundesbank registration scheme required banks to give advanced notice of issues many were actually inserted in the calendar that did not actually appear. The result was that each month the huge figure of prospective issue —in May the total was nearly DM 19bn—that weighed on the

market even though only fraction actually materialised. From July, this system has been changed. Henceforth regis-tration will only be on a fort-nightly basis and the total registered will not be made public. That could improve the there seems some uncertainty over whether it will have

Apart from anything else, now that the coupon tax has been abolished for non-resi-dents. The market in Federal larger than that for Eurobonds, and the trading liquidity that results given it added appeal. At the marvin, that could have sichoned off some foreign in vestor demand that would other wise have some into Eurobonds, keeping yields on the currency than they would otherwise bave

underwriting syndicate that this comes at a time when the Government's funding require-ments are set to rise because it can no longer rely on a randsome dividend from the Rundesbank which manages Germany's reserves in weakening dollars.

Those foreign banks which take no the invitation are now likely to out renewed effort into selling domestic paper, and that could in turn rebound to the detriment of Eurobond yields. All markets have to work towards a balance of supoly and demand. Where D-Mark bonds are concerned, the demand is certainly high—but so is the supoly. but so is the supply.

Peter Montagnon

# Savings Banks

# A mirror of the nation at large

SURPRISING as it may be at first glance, the biggest single chunk of the West German commercial banking Industry is not constituted by the private sector institutions arrayed behind the triad of Deutsche Bank, Dresdner Bank, and Commerzbank—or even hy the more than 3,700 co-operative hanks.

hanks.
It is the 590 savings hanks
(Sparkassen) whose 17,000
branches are in every German
high street, and their clearing
house "umhrellas" the dozen
state banks or Landesbanken.

The Sparkassen have been part of the history of German banking since the first of them was founded early in the 19th century by well-meaning municipalities to protect honest citizens from the perils of usury and offer them a secure investand offer them a secure invest-ment for their savings. The movement grew rapidly. By 1850 there were 500 of them and in 1900 they numbered no

less than 2,700.

The cheques law of 1908 saw the Sparkassen as pioneers of cashless payments—a step which led directly to the establishment of the Landesbanken traditionally closely linked with the language and their money, the deposits registered in 71.8m savings books, held by 20m separate customers, rose by 6 per cent individual customers. The customers rose by 6 per cent individual customers. The customers rose by 6 per cent individual customers. The customers rose by 6 per cent individual customers. The customers rose by 6 per cent individual customers. The customers rose by 6 per cent individual customers. The system now embraces 1,000 dispensers in Spain and new EC cashpoints are due to be opened in the country, 60 per cent have been installed by the Sparkassen, which have issued 9.6m Eurocards. Of these, 100,000 were issued in 1985 alone, covering 44 per cent of their individual customers. The system now embraces 1,000 dispensers to be 1985 since the country, 60 per cent have been installed by the Sparkassen, which have issued 9.6m Eurocards. Of these, 100,000 were issued in 1985 alone, covering 44 per cent of their individual customers. The system now embraces 1,000 dispensers in the country, 60 per cent have been installed by the Sparkassen, which have issued 9.6m Eurocards. Of these, 100,000 were issued in 1985 alone, covering 44 per cent of their individual customers. The system now embraces 1,000 dispensers in the country, 60 per cent have been installed by the Sparkassen, which have issued 9.6m Eurocards. Of these, 100,000 were issued in 1985 alone, covering 44 per cent of their individual customers. The system now embraces in the country, 60 per cent have been installed by the Sparkassen are relative to be about in the country, 60 per cent have in the country, 60 per cent have been installed by the Sparkassen are relative to the sparkassen are relative to the customers rose by 6 per cent individual customers. The system now embraces in the country, 60 per cent in the country, 60 per cent in the

governments of the various states where they are headquartered, are different. While the Sparkassen by and large have remained faithful to their original clientele — private households and small and medium-sized local businesses — the Landesbanken have gained a powerful position in German money and capital markets and deal primarily with hig public and private sector customers.

in lending, in good measure due to the Sparkassen from planning a new card of their own. named the S-Card, offering all the advantages of the EC card but extended to all—rather than 44 per cent only—of their great local rivals, the co-operative banks. But no other respects the Sparkassen still set the parallel card system might threaten the EC and claim that the Sparkassen still set the pace —nowhere more so than in the planned introduction of electronic consumer should be added to the card of their own.

The Sparkassen from planning a new card of their own. named the S-Card, offering all the advantages of the EC card but extended to all—rather than 44 per cent only—of their than 45 parkassen to the profit of their great local rivals, the co-operative banks. But so other respects the sparkassen still set the planned introduction of electronic profits in the sparkassen are unlikely and the sparkassen from planning and the storage of the EC card but extended to all—rather than 44 per cent only—of their advantages of the EC and claim that a dispute could endanger the sparkassen set in the advantages of the EC and the advantages of the EC and their than 44 per cent only—of their than

customers.

The best known of them, the Westdeutsche Landesbank-Gironzentrale of Dusseldorf, had total assets of DM 141.5bn at the end of 1984, placing it behind only the Dentsche and Dresdner among West German banks. Between them, Landesbanken and Sparkassen have assets of nearly DM 1,300bm—over 40 per cent of the DM 3,200bm of funds in the country's entire banking system.

In other ways, too, the Spark-assen reflect the nation at large. In 1985, as the economy chugged

the Sparkassen still set the pace —nowhere more so than in the area of electronic consumer banking, where 585, or nearly all of them are plugged into a joint computerised accours

all of them are plugged into a joint computerised accours system.

The most visible trail-blazing, however, has been in plastic cash cards—and not without controversy. The Sparkassen are already market leaders with the Eurocheque (EC) card, which has emerged as a standard cheque guarantee card throughout Europe, as well as an access card for automatic cash dispensers in Germany. system.

The most visible trail-blazing, however, has been in plastic cash cards—and not without controversy. The Sparkassen are already market leaders with the Eurocheque (EC) card, cash dispensers in Germany.

In other ways, too, the Sparkassen reflect the nation at large.
In 1985, as the economy chugged
ahead in unexciting fashion
and consumers hesitated to
spend their money, the deposits
registered in 71.8m savings
books, held by 20m separate
customers, rose by 6 per cent
to DM 322bn.
But the movement's total
balance sheet grew by only 5.8
per cent, the smallest annual

tronic point-of-sal, facilities in shops. The Sparkassen are unmoved and the controversy remains.

Co-operation with the Landes-banken, which bave long been active in important financial centres outside Germany, was

Foreign business partners benefit too. If their main bank bas a connection to a Landesbank, they simultaneously bave a line to the likely principal bank of their local supplier or customer in West Germany.

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to the likely principal to the likely principal for their local supplier or in West Germany.

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VI

(at year-end)

As universal banks, Deutsche Bank. Dresdner Bank and Commerzbank seem particularly well-equipped to cope

with the new environment in which

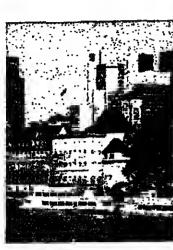
the dividing line between traditional

banking and the securities markets is

becoming increasingly blurred.

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Short-term

Bank loans to private companies

Rank leans to private individuals; Bank leans to public sector Custemer deposits with banks

Savings deposits and certificates

Medium and long-term

Cash in circulation

(year-end) †Demestic only

Central bank money stock . (fourth qir to fourth qir) Discount/Lombard rate

sharpened foreign competition in the German securities markets, the German banks have not been slow to establish themselves in overseas markets either. However their approach has been more cautious than many of their foreign competitors; they seem prepared to take their time and wait to see what emerges from the much-publicled "globalisation" of the capital markets.

As universal banks, Deutsche Bank, Dresdner Bank and Commerchank seem particularly Commerzbank seem particularly well-equipped to cope with the new environment in which the dividing line between traditional banking and the securities markets is becoming increasingly blurred. Unlike their British, Japanese or US counterparts, they have been conducting both types of business on their bome markets for years, and all three are active players in the Euromarkets.

Yet in Loodon, for example, Yet in Loodon, for example, they have been conspicuously absent from the list of banks who have bought stockbroking and jobbing firms in order to participate in the "Big Bang," as the liberalisation of the UK

participate in the lig as the liberalisation of the UK markets is called.

Deutsche Bank, the largest, has bought only a 4.9 per cent stake in Morgan Grenfell, the merchant bank, in order to gain what Mr Rolf Breuer, a member of the executive board with responsibility for capital markets activities, describes as "an inside view on how things are developing in London." Deutsche will preserve this stake by buying more thares as Morgan goes for a listing on the Stock Exchange, but seems unlikely to increase it, partly because that would create regulatory problems in the US where both banks are represented.

particularly well—with the new envir the dividing line be banking and the se banking and the se becoming increase is a member of the New York Stock Exchange. But unlike many other European and Japanese banks, it has no imbition to become a primary dealer in the Treasuries are very big and very liquid, but we do not think it is necessary.

Nor is Deutsche seeking to Nor is Deutsche seeking to become a primary dealer in the gilt-edged market. "It's high volume, with increasing risks and decreasing margins, That's not the sort of business we want to get into," said Mr Breuer. Deutsche Bank did, however, shift its non-DM bond business to London last year to get closer to the centre of the Eurocloser to the centre of the Euromarkets. This operation now owned subsidiary at the suggeshas about 120 people and is 
profitable, according to Mr 
fireuer, but like most institutions in the City these days, it 
is short-staffed. ies trading. Several other banks have since followed the same route.

very big and very liquid, but we do not think it is necessary we do not think it is necessary to be a primary dealer in them. We are more accustomed to

ncing industry than govern-The one centre where Deutsche has played a pioneer-ing role is in Tokyo where it became the first foreign commercial bank to obtain a securi-ties licence last year. It achieved

Deutsche will not, however, be seeking membership of the Tokyo Stock Exchange. "Too expensive," says Mr Breuer. For Dresduer Bank, the most important centre to focus on oversees is New York, according

DM bz

280.5

634.0

513.0

213.7

470.3 720.9

+4.6%

511.8

601.4

+7.0%

to Mr Piet-Jochen Etzel, mem ber of the board responsible for capital market. The bank owns 75 per cent of ABD, a New York-based securities firm, which will act as its vehicle into the US markets where Dresdner sims to be active in corporate finance, securities and energers

In Japan, Dresdner is also obtaining a securities licence. However it has gone one better However it has gone one better than Deutsche and set up a subsidiary in which it owns a majority stake, having taken advantage of a technicality which allowed it to split the stock into voting and non-voting shares. As in the US, Dresdner sees itself handling orders for Japanese

further outlets for securities from other markets.

However Mr Etzel emphasises that Dresdner is taking a fairly measured approach to developments on the world scene, and particularly in London where he are a read for action at the particularly in Lonnon where he sees no need for action at the moment. "We will stand downstream from the others and pick up some pieces as they float past. We would like to build up our business ourselves. There is plenty of time. These are lasting trends."

As the smallest of the Big Three, Commerzbank feels the need to try hardest in order to break into business and this break into business tradinomally dominated by Deutsche and, to a lesser extent, Dresduer. Recently, it has boasted of bringing innovations to the German capital markets, and new borrowers, such as Westpac and the Bank of Nova Scotia, which has brought it up to second place in the German league table.

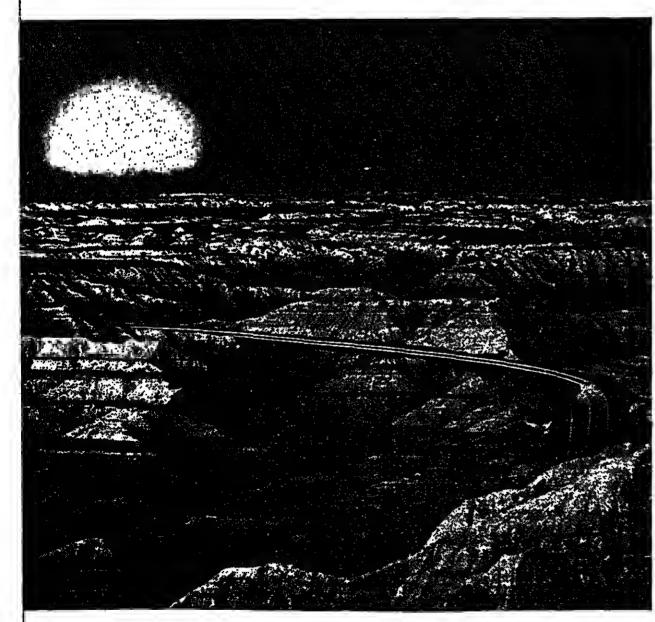
Overseas, though, Commerz-bank is taking a somewhat more low key approach. The philo-sophy, according to Mr Gerold Brandt, head of the inter-national investment banking department, is that "We are a department, is that we are a German bank, and our speciality is where there is German business." He says Commerbank is "not one of the big spenders" and he doubts that the bank needs to set up big securities operations around the world where much of that business can be done through its evicting branches.

existing branches. Commerzbank is, however, seeking a securities licence in Tokyo. And on the US market in Europartners Securities it has a 40 per cent share Corporation, a small Wall Street investment bank which engages in corporate finance, under manage. writing investment manage-ment, and securities business.

Ranking as they do among the world's largest banks, these three banks are bound to figure prominently in some way or other as the world markets evolve. Their style may not be as eye-catching as some other Continental and US banks. But with an increasingly active domestic securities market to collivate, and an obvious need to keep up with the competition abroad, they are unlikely to let events leave them too far behind.

David Lascelles

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## Special Banks

# Rooted in turbulent history

unwieldy names of Industrie-kreditbank-Deutsche Industrie-bank (IKB) and the Kredit-anstalt für Wiederaufbau niche for itself. anstalt für Wiederaufbau niche for itself.
(RfW), but both institutions Adequate fundeserve to be more widely Mittelstand (med

The two are quite separate and have some obvious differences in their ownership and

. But both help to provide longbusiness, both are diversifying their funding operations (offering some interesting investment opportunities for foreigners as well as Germans) and both have their origins in Germany's turbulent history this century.
The start of the IKB can be traced back to the Bank filr Deutsche Industrie Obliga-tionen, which was founded in 1924 to administer First World War reparation payments to the allies by German industry. It only became a credit-issuing time in 1931.

After Germany's defeat in further operation in Berlin (its beadquarters until then) was impossible but, business was carried on in Dusseldorf under the name Industriekreditbank AG. By 1954 Berlin was safe enough to allow the re-appearance there of the Deutsche industrie-bank. The two institutes finally merged 12 years ago - hence

So much for history. Today the IKB is a bank with basic capital of DM 210m, liable funds of DM 722m and (taking the figure for the 1984-85 business year) total assets of DM 144bn. Many Germans cell it "the entrepreneurs bank" and, broadly speaking, its

Its shareholders include the three big banks, Deutsche, Drescheer and Commerciant, with a stake of ground 25 per cent through a holding called Hostra Beteiligungsgesell-Hostra Beteiligungsgesell-schaft Leading insurance com-panies have a further stake of some 20 per cent and a foundstion representing entrepren-eurial interests around 28 per

The rest of the shares are held privately, in many instances by industrialists who are IKB customers. So the state is not involved in IKB, but be-cause of its structure and special

Adequate funding for the Mittelstand (medium-sized com-panies) is of special importance for the German economy. Com-panies with between 100 and 1,000 employees account for more than 40 per cent of the total labour force in manufac-

turing industry.

They often prove more inven-tive and flexible than their bigger rivals, yet they do not generally have the same fin-ancial resources or funding possibilities, of "the giants." ancial resources, or funding law governing its operation, the possibilities, of "the giants."

That is where IKB steps as German banking regulations at the end of the 1984-85 year, lending to customers totalled ment. For example the Finance DM 11bn, of which no less than DM 10.6hn was credit for four pears or longer. IKB's credit business includes export finance, but only for deals covered by guarantees from Hermes, the state-backed insur-

ance concern.

It also offers services such as menagement consultancy, leasing and even (from Berlin) venture capital funds and advice—but the core activity remains family on the long-term lending side. Profits are consistent from the core activity remains family on the long-term lending side. sistent (no drastic swings in either direction) and dividend

either direction) and dividend payments were maintained even in the worst recession years.

IKB funds itself in the main by issuing its own bonds and by borrowing from other banks (not least from RfW). In the former case, IKB is allowed by West German funncial authorities to issue bonds up to 15 times its capital, a bigger ratio than that allowed normal commercial bunks. mercial banks. Not surprisingly, bonds make

up the single biggest slice of total IKB disbilities—DM 6.2bu at the end 1984 compared with DM 4.9bn from bank bornowing. becan IKB is increasingly spreading which its wings to take advantage of low. cheaper finance on the inter-national capital markets. For example, last November it made its first D-Mark foreign bond issue via its offshoot IKB Finance Amsterdam—a DM ricsue via its offshoot IKB sum went on structural pro-Finance Amsterdam—a DM grammes—for example to aid 100m capped floating rate isue. the hard-hit building sector, It has also established a agriculture, port facilities and branch in Luxembourg for so on.

plays a big part in financing the country trade and foreign aid as well as providing cheap loans to the Mittelstand. It therefore, has a wider role

than the IKB and is, indeed, one of the country's biggest one of the country's biggest credit institutes with business volume at end-1985 of nearly DM 90bn, total assets of more than DM 85bn and capital and reserves of DM 3.5bn.

But perheps the crucial difference from the IKB is that the KfW is state-owned; 80 per cent by the Bund (federal government) and 80 per cent by the

ment) and 80 per cent by the Länder (regional states). Established under a special

Minister, Mr Gerhard Sotlenberg, is head of the administra-tive board. Partly because of its outdated

name and partly because of its hybrid nature (sometimes it looks a bit like the IKB, sometimes like the US Ex-Im Bank, sometimes like a mini World Bank), the KfW remains something of an "unknown giant." But a look at last year's balance sheet shows clearly enough what the bank's roles are. The KfW pledged new credits totalling DM 13.4bg. (up from DM 13.2m in 1984) both to help promote the West German economy and to aid the developing world. Of that total, DM 8.7bn (after DM 6.1bn in 1984) went to domestic invest-ment, and of that sum 22,500

plans of loans at a somewhat lower interest rates than they would elsewhere, and KfW can afford to offer the cheaper finance which keeps its funding costs

separate loans totalling DM 5.6bn were pledged specific-ally to help finance the capital

Another DM 1.8bn went on environmental protection pro-grammes and the remaining DM 1.8bn of the domestic credit On the foreign side, KfW

funding operations alongside its On the foreign side, RfW subsidiary in the Grand Duchy, which is set up in 1979 mainly to help finance both export business and the direct investment of German companies abroad.

Another DM 15 has went to do. tasks IKB has some privileges which other banks do not.

IKB's key mission is to provide long-term credit for medium-term enterprises in particular, and with well over 6,000 corporate borrowers it is believed to be the West German market leader in this particular.

last year of DM 14.6bn pledged.

One big question (the most interesting one for potential foreign investors) is where the bank gets its money. The answer is that the development aid export credit and domestic loans are financed directly from the Federal Government Budget. But that still means that the majority of KIW's funds must be sought on the capital markets through the issue of bonds, notes and Schuldscheine (certificates of indebtedness).

Last year DM 8.4bn was raised in this way and a similar sum will probably be needed from the capital markets this year too.

Here big changes are under way, spurred by the steps to liberalise the German capital markets further over the past two years. One key develop-ment was the abolition in August 1984, of the coupon tax which foreigners used to have to pay on the interest they received from German domestic bonds (including, of course, those of the KfW).

Before abolition, foreigners naturally foreigners naturally concen-trated on investing in Schuld-scheine, which were not subject to the tax-but now they are piling into bonds. Nowadays the share of KfW bonds held by foreigners is still less than 20 per cent but it is increas-

ing steadily.
It would do so more quickly if the institution itself were more widely known—not least the fact that KfW bonds are prime quality instruments com-parable to the (much more re-nowned) bonds of the Federal nowned) conds or the recers.
Government, post and railways
(Deutsche Bundesbahn).
Like IRB, the KfW is also
making growing use of new
financial instruments in its

which the Bundesbank (the central bank) frowned until finally giving them the green light from May last year. For tapped the markets this year with a zero coupon band issue and a Yen 12bn (DM 150m) currency swap. Mr Manfred Schüler,

executive board member, emphasizes that in both cases KfW has been able to ch raw mas been able to chespen its funding costs without taking bank plans to make cautious - use of these and similar financial innovations. which is another sign that name will be internationally

Jonathan Carr

# WEST GERMAN Banking, Finance & Investment 7

DEUTSCHE BANK remains easily the biggest and most profitable of the West German banks. Last year its group assets totalled DM 237.2bn; and operating profit is thought to have exceeded DM 4bn, though Deutsche, like other German banks, gives no precise figure for these earnings. But the other members of the "big

three" also had strong results. Dresdner Bank group assets totalled DM 188.7bn, with operating profit exceeding DM 2.5bn, while the Commerchank group had assets of DM 137.2bn and operating profit of some DM 1.5bn.
JONATHAN CARR portrays the men at the top of the "big three."

# Bossing the Big Three

# **Deutsche Bank**

IT WOULD seem absurd, on the face of it, to call F. Withelm Christians a mystery man. After all he has for a decade shared the top job at Deutsche Bank as one of the two "spokesmen" of the executive board, first with Wilfried Guth, now with Alfred Herrhausen.

He is a past president of the Federal Association of German Banks, sits on the supervisory

Banks, sits on the supervisory boards of some of the country's best-known companies — and so on. One can hardly do all that and stay out of the public

Yet Mr Christians, who is 64, remains something of an enigma. Some chief executives enigms. Some chief executives are so closely identified with their companies that it is hard to separate the two. Others give the impression that their work is like a fascinating, strenuous but ultimately expendable hobby.

Like, for example, Marcus Bierich, the broadly talented head of the Bosch alectricals concern, Mr Christians surely helongs to the hobby category. He has given a lot of tima to Dentsche Bank over nearly four

the has given a lot of tima to Dentsche Bank over nearly four decades — but that is not to say that be has devoted his whole life to it.

If be bad followed either in the family footsteps, or his initial inclination, be would never have become a hanker. His forefathers were in farming, law, engineering, even theology but not finance. His own ambition after the war was to become a diplomat. He had fought as a cavalry officer (riding is still one of his abiding passions) and been wounded on the Russian front.

Later he studied law end pollicital science and then, in 1949, did a spell with Deutsche Bank to fill in time, planning to go on from there to a "real" diplomatic career.

Instead, he liked the banking of the last to negotiate finance.

Instead, he liked the banking of the last to negotiate finance is unusually influential because the beause consentant. The two decades. From the was urging that an issue of shares he made to the public. The was wrong.

True, he has long been a long been a pression was wrong.

True, he has long been a was triple two decades. From the start two decades. From the was urging that an issue of shares he made to the public.

Many problems intervened, bowever, and only this year has the step finally been taken—with Deutsche Bank leading public"—over the past few years the "renaissance" of the German share, with more companies "going public"—not least more the grant the sisue consortium. The VIAG deal is one of the German share, with more companies "going public"—not least more the gast may be used to see over the past few years the "renaissance" of the German share, with more companies "going public"—not least more the sum of Deutsche Bank exities and savel public"—over least under the wing of Deutsche Bank.

But that does not mean that his sights ended at the German frontier. For example, he laid the banks—which are others) which have brought the issue consortium.

The VIAG deal is one of the sisue of shares he made to the public.

The VIAG deal is one of the sisue of the strating

first earning less than DM 200 a mouth (after deductions). He worked his way up through offices in Azchen, Cologne and Dusseldorf, joined tha exacutive board as a deputy in 1965 and became a full mamber two years

later.

In 1976 he began the "cospeaker" partnership with Mr Guth, a highly successful one despite (or perhaps even because of) the fact that the two men are very different.

Many observers tended to see Mr Guth as the peripatetic "foreign minister" of Deutsche Bank with Mr Christians more responsible for domestic affairs and somewhat in the shadow of his colleague.

his colleague.

For one thing Mr Guth had a broader professional background behind him, including experience in central banking and the International Monetary Fund. For another, Mr Gutb (now head of the supervisory board) looks like an ebuilient prize fighter ready, as it were, to grapple with the debt crisis single-handed if need be.

Mr Christians, silver bair neatly combed, is always elegantly suited. He has a wide selection of striking neckties which brought him an award a few years ago from the German tie industry. All that may have contributed to a feeling that, of the two "speakers," Mr Christians was a relative lightweight. Whatever the reason, the im-For one thing Mr Guth had a

atmosphere and stayed, learning for the big natural gas-pipeline the business from scratch and at deals with the West. Over tha past 17 years he has forged close links with top Russian officials (including Mr Mikhail Gorbachev) which many Western politicians and businessmen might envy.

But it is not all business. Mr But it is not all business. Mr Christians loves Russian art, especially the art of this cen-tury, and bas played a key role in arranging the exchange of exhibitions between the Soviet Union and West Germany. His contacts in Russia include painters who do not, to say the least, enjoy the approval of Soviet officialdom.

Soviet officialdom.

He has two particular qualities which go far to explain his success. One is that he can hold on to tough positions but express himself in such a way that he never seems rude or unreasonable. It is worth noting that (like the late computer wizard Heinz Nixdorf) he comes from the Westphalian town of Paderborn, whose citizens are renowned for their tough determination. tough determination.

tough determination.

The other quality is patience.

Mr Christians recognises tha
value of planting the seeds of
future business, not just of
throwing out a net to catch
a passing shoal of easy clients.

For example, he has been on
the supervisory board of tha
state-owned VIAG energy and
chemicals concern for nearly
two decades. From the start
he was urging that an issue of
shares he made to the public.

Many problems intervened.



ROLLER (left), of the Dresdner, first joined the bank as a Pfennigless student and returned to it after leaving to complete his studies. SEIPP (centre), of Commerzbank, carries the nickname "Walter the Tank," in tribute to his determination. CHRISTIANS (right), of the Deutsche Bank, is something of an enigma, whose forefathers were in farming, law, engineering, theology, though not finance

it is a canny, well-run insti-tution which was often able to "keep its bead when most around were losing theirs." Despite many factors which still tell in its favour, there is no cast-iron guarantee that it will always maintain its big lead. It has some increasingly lively rivals, not least the Dresdner Bank.

The man who is in part the cause, and certainly the embodiment, of the new spirit at Dresdner is Mr Wolfgang Röller, 56, who became "spokesman" at the beginning of last year.

# Dresdner Bank

A dynamic person who seems to be in almost perpetual motion, he will push through a throng of people, nodding bere, pressing a hand there as though to say "excuse me but I must be off shortly to make money for the bank"—which be has been doing for Dresdner for over 30 years.

That is a superficial impression, of course, but there is nonetheless something in it.

Dresdner under Mr Röller is obviously intensely period in the doldrums, It is loves the business of banking.

Some are he again after a love to business of banking. nonetheless something in it. Dresdner under Mr Röller is on the move again after a loyal to Dresdner and really to be under the doldrums. It is also a happier place than it was in the recent past.

Back in the mid-1970s under the doldrums is the fact that community of the matters of detail which he side of its business better and the mid-1970s under the fact that Commercially the liabilities in the resumed his speech. It institutes in West Germany.

the late, distinguished Jürgen might do better to delegate. But is firmly cutting such unponto, many people felt that there is no suggestion that be promising activities as its included at least markedly narrow the state right man at the right catch up with Deutsche — or at least markedly narrow the gap. Then in 1977 Ponto was murdered by terrorists and Dresdner chose an outsider, the Fedaral Economics Minister Hans Friderichs, as the new "snokesman"

It would be unfair to blame on Friderichs all Dresdner's tronbles in the following years—including loan losses at bome and abroad and friction among top management. But the fact was that in a particularly tough period for all credit institutes it did not belp Dresdner Bank to have at its head a man whose background was not in banking.

Moreover, Friderichs later faced corruption charges in connection with the Flick bribery affair. Ha firmly denied any involvement but finally stepped down in order to fight at his trial — which is still going or the still

going on.

With Mr Wölfgang Röller
Dresdner Bank has got ooe
of its own as boss again. He
first joined the bank hriefly as
a virtually pfennig-less student
in the early 1950s, went back
to university to complete his
economics studies, then returned to Dresdner and immediately plunged with enthusiasm
into securities trading.

He is obviously intensely

new "spokesman" alone the sharp rise in Dresdner's profits an 1985—a good year for almost all banks. But it is fair to say that it is much better prepared time—Its senior capital mar-kets expert moving into the top job as tha "securitisation" of business gathers pace at home and abroad.

By the early 1960s be was already bead of the bank's stock market department and he laid the groundwork for Dresdner's notably successful brokerage and investmeot banking activities in the US. Not least ba played a key role in the dramatic deal of 1974 when Dresdner arranged the disposal of the Quandt family's stake in Daimler-Benz to Kuwait.

Few people would be sur-prised to see another big Quandt deal emerging one day, with Mr Rölier again playing a decisive part.

At boma be bas been one of the main catalysts for change in the archaic German stock market system (though it is bard to believe be is fully satisfied with the progress made so far). He clearly aims to promote the international side of Dresdner's business.

That means extending the existing operations in London, New York and Tokyo, offering a broader range of financial

whether he could pull the bank out of the slough of despond or be dragged into the morasa

for the future in personnel and policy terms than it was even a few years ago.

COMMERZBANK

One small incident helps to

illustrace that quality. At an international symposium early this year he was talking in fluent English until one word eluded him. The audience waited for

easily deflected.

Now they have their answer. Commerchank's profits have boomed, the structure of its business has improved and its capital hase bas been streog-thened. Indeed the bank is already able to meet the tougher capitat-to-lending rule of the newly revised German credit law, something it was bard to believe would bapen so quickly even a year or so ago.

took time but he got lt right in

He has displayed much the aame single-mindedness at Com-merzbank, which had plunged into an operating loss and beeo

forced to omit its dividend for the year before be took over. At first many people wondered

Naturally, Mr Seipp, too, has been helped by the West Ger-man economic upswing and improved banking climate of the past few years, but it would be unfair not to give him the credit due to bim. He was able to give a strong lead (very much "chief executive" rather than "spokesman") while en-couraging middle management; and he introduced a new moni-toring system to avoid the grave mismatching of lending and funding that had previously funding that had previously hampered Commerzhank's earnings. If that sounds solid but unadventurous, it is not the

Before joining Commerzbank Before joining Commerzbank Mr Seipp was responsible for the bigbly active Eurobond business at Westdeutsche Landesbank, and be is one of the most forthright advocates of a more innovative German capital market. Indeed, he has been a bit too forthright for the Bundesbank and some of his colleagues in other banks, with his calls for "offshore" hanking facilities to be set up in West Germaoy to help to West Germaoy to help to repatriate part of the business which slid away to Euromarket

If Dresdner was limping for a time, Commerzhank looked to be almost on its knees—at least until Mr Walter Seipp picked it off the floor in 1981. Mr Selpp, 60, has been given the nickname of "Walter the Tank," impliying that once be has set himsalf on a course be is not easily deflected.

centres abroad.

There is no evidence yet that the Bundeshank will give the green light to such a step, but that does not mean it will never bappen and—as usual—Mr Seipp is sticking to bis guns.

Not surprisingly under such a leader, Commerzbank been among the most active

been among the most active German banks in seizing the cerman panks in seizing the chances offered by new financial instruments. With such enterprise it is unfortunate that Commerzbank managed to blot its copy book with its ill-judged rights lasue early this year.

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# WEST GERMAN Banking, Finance & Investment 8

PROFILE: THE JURGEN PONTO FOUNDATION

# Art and youth transcend terror

THE JURGEN Ponto Founda-tion is just one of many varied initiatives by West German initiatives by West German businesses to support the arts but because of its crematic origin, its special aims and its success, it is certainly among the most striking.

Nine years ago this month, Ponto, head of the Dresdner Bank, was shot dead by terrorists at his home near Frankfurt. His murder caused a special

His murder caused a special wave of revulsion, even in a year which brought several other deadly terrorist attacks in

Germany, Ponto was not just a talented Ponto was not just a mental banker, but also a man of great personal charm and unusually wide interests, especially in the arts, where he constantly used

arts, where he constantly used his finance and influence to felp the young.

He was, as a speaker at his memorial service said, "a representative of an order which, in its ideal form, by no means always echieved, combines economic success with social justice, hard work with active humanity, business instinct humanity, business instinct with cultural and social responsibility."

The terrorists' instinctively

recognised this which is why they picked out Ponto in parthey picked out Ponto in par-ticular as a victim.

Ponto's widow, Ignes, and the bank sought the most appropri-ate possible memorial. They agreed that efforts should be made to continue the repport for young artists — musicians

and writers, as well as painters and architects — which Ponto had begun. Thus the idea of the Jurgen Ponto Foundation was More than DM Sm capital was

raised, through hundreds of individual contributions and not least—from the proceeds of a 1978 concert by the Berlin Philharmonic Orchestra under Herbert von Karajan, who knew Ponto well.

The foundation works in this The foundation works in this way. A group of trustees is headed by Dresdner's chief executive Wolfgang Röller, and includes well-know figures in the arts, such as the writer and historian Golo Mann. There are also two honorary executive directors, one of whom is Baron Bernhard von Loeffelholt, a former close aide to Ponto. Broadly speaking, the Ponto. Broadly speaking, the directors propose where the funds could best be spent, and decisions are taken jointly with the trustees.

There are two main aims.

One is to help promising young artists just starting out on their careers, the other to foster group artistic activities like school choirs and theatre com-panies. Young artists who have already at least partly "arrived" are not generally supported, PROFILE: SCHRODER, MUNCHMEYER, HENGST

banking world by offering to

Henest (SMH), the collapsed

"Td say they've got SMH back

to where it was before the trouble," commented a Frank-

furt-based foreign competitor who has observed SMH's rehabilitation. Lloyds will not say exactly how much it paid for SMH, or how well it is doing. But Mr John Hobley, SMH's chief executive, says that last

year's profits were 50 per cent up on 1984, and that this year should be better still, based on

to keep SMH's name, even though the highly publicised trial of SMH's former manage-ment for fraud was bound keep

alive unsavoury associations (as it has). This was in order to retain SMH's staff and its good

a good first six months. . . Lloyds decided straight away

On being seen

though the foundation can often put them in touch with other bodies that can help. Here, von Loeffelholz is a

useful go between as he also plays a leading role in the artssupport group set up within the Federation of German Industry (BDI). His double role also helps avoid overlap between the BDI's efforts and those of the Ponto foundation. The foundation does not only

support young German artists but also foreign artists living in Germany. For example, when the foundation first staged a competition for young composers in 1979, the top prize went to 2 Japanese, Takehito

Shimazu,
Talented young instrumentalists lacking funds for further training are helped with grants and interest-free loans. The idea of the latter is that young musicians who "make it" with a relatively steady income should pay back loans to the foundation, and thus help another generation of the talented but impecunious.

One of the foundation's most

One of the foundation's most ambitious projects is the "Schools make Music series, arranged with the German Music Council and other bodies. These gatherings regularly bring together, in different

cities, school choirs and regular arbibitions and esignistrumentalists from all over collectors, ag well as often the country to give concerts in hospitals, homes for the elderly, churches and so ou. The most recent gathering took place last year in Berlin and brought together about 900 young

Other events which the foundation helps to support with funds include the Bayreuth Youth Festival, which every year brings together young people from East and West in parallel with the town's Wagner ... festivities.

Music was a special love of Music was a special love of Ponto, and is naturally given a lot of attention by the foundation, but the other arts are not forgotten. Funds are made available, for example, to authors writing a first book. The choice is particularly hard, and is made only after intensive consultations with publishers and other experts, but so far consultations with publishers and other experts, but so far the foundation feels it has picked well. All the authors it has supported have gone on to write a second book (epart from the most recent beneficiary, Elmar Schenkel, who last year received DM 15,000 for his first work and has hardly had time. work and has hardly had time to produce another!).

Similarly, on the visual arts side, the foundation sponsors

regular exhibitions and eaks collectors, as well as office experts, to propose young, little known artists for inclusion. An independent jury then relacts two or three from among the exhibitors, who receive awards of up to DM 20,000 from the foundation.

Young architects are helped, too. For many years the founda-tion arranged lengthy stays abroad, enabling them to do practical work in the offices of noted foreign architects. This effort has lately been undermined by the difficulty of obtaining work permits at a time of high internetional unemployment. The foundation has therefore taken to arrang-ing briefer visits abroad, most

recently to study the architec-ture of Japan. All in all, the Ponto Founda-tion has spent around DM 2m in its first eight years on prizes, grants and so forth. But that grants and so forth. But that sum understates the overall benefit to many young artists who have first become known to a wider public through the concerts and exhibitions which the foundation has sponsored. It is an achievement which would surely have given Jurgen Ponto a great deal of satisfaction.

Jonathan Carr

Jürgen Ponto . . . used his finance and influence to help the young

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science, technology, and industry. For pioneers such as Johannes Kepler, whose epoch-making studies of the

> DGZ, Deutsche Girozentrale - Deutsche Kommunalbank -, is first and foremost a specialized wholesale bank. As the central banking institution of Germany's Savings Banks Organization and with a balance sheet total of some

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clients. "Whatever the dis-advantages, the advantages were those of being seen as German bank, and a private bank," said Mr Hobley.

bank," said Mr Hobley.

Even the Lloyds parentage is played down, SMH's literature carries only its own name, and appears between anbergine covers, rather than the bright green of the Lloyds group. Clients are told of a "link" with Lloyds—and then only if SMH Lloyds—and then only if SMH and the properties. thinks that will have a positive connotation.

Although Lloyds rolled all its existing operations into SMH—which now employs about 400 people—its real strength has been the access it has given Hoyds to smaller and middle market German banking clients whom foreign banks usually find it hard to reach.

Even so, with the recent boom in the German markets, well over half of SMH's revenues have come from its securities business rather than banking. The group has con-centrated mainly on serving foreign institutional clients wanting advice or securities services ou the German market. It also has a portfolio manage-ment side, a private banking clientele, and trades in domestic bonds. There is a research capability as well.

Although SMH has long been member of the Federal bond

to be German TWO YEARS have passed since consortium, it has not got into the new issue business, where banking world by offering to buy Schröder, Munchmeyer, Hensst (SMH), the collapsed

German private bank. It was a bold move—some said a gamble geographic line of command —but it seems to be paying off. and to Lloyds Merchant Bank, and to Lloyds Merchant Bank, the newly constituted merchant banking arm which is handling Lloyds' entry into the UK securities business. As well as acting as a channel to the German investment market for Lloyds, SMH helped form the European consortium which Lloyds put together to mount an alternative bid for Westland helicopters last winter.

SMH could grow substantially if Lloyds' current £1.3bn bid for Standard Chartered Bank goes through. Standard has a long-established German business based in Hamburg employing 200 people. According to Mr Hobley, the two do not overlap greatly, and the German market is one where the merger makes sense, he says.

David Lascelles



John Hobley . . . says last year's profits were 50 per cent up on 1984

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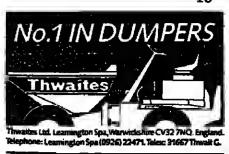






# SECTION II – COMPANIES AND MARKETS **FINANCIAL TIMES**

Monday July 7 1986



**CREDITS AND EURONOTES** 

# Fears over tax curb on Australian borrowers

tence is due in part to bankers' nim- appear too extreme. ble adjustment to differing tax and given a new set of problems to chew any new short-term paper issued on last week by a surprise move under existing oote issuance. ECP from Mr Paul Keating, the Austral- or other such facilities will become ian Treesurer, writes Alexander Ni- subject to the tax, including roll-

Australian borrowers have been drawing ever more heavily on the Euromarkets. According to Euromoney, they have arranged note issuance facilities and Euro-commercial paper (ECP) programmes totall-ing \$13.9bn since the beginning of 1985. They tend to be above average users of ECP programmes, bankers say, and best guesses probably put Australian ECP actually in issue at . some \$2bn or perhaps 7 to 8 per cent of the market.

had all such financings being of paper in the market is expected scrapped as a result of Mr Keating's to continue issuing. Others may do imposition of a 10 per cent withholding tax on most of the Australthey consider what financing aiian foreign borrowings which had

regulatory regimes, and they were be clarified, it is almost certain that

overs or renewals of current issues.
The immediate effect has been to

put into suspense the arrangement of many mandated deals, including those for Pioneer Concrete, Amatil. Ansett, ICI Australia and James Hardie Industries. Recently established programmes for Westpac Banking and Morgan Guaranty Australia are unlikely to be drawn. But a sterling commercial paper deal for FAI Insurances will remain in place.
The Australian Wheat Board,

The direct of initial predictions among the largest ECP issuers of any nationality with perhaps \$500m ternatives are available.

**EUROMARKET TURNOVER** 841.9 789.9 3,372.4 701.5 2,926.3 680.2 2,812.7 dary Merket 25,990.4 1,789.1 10,905.5 4,666.5 23,702.8 961.4 13,135.5 2,709.5 9,130.8 114.9 1,902.0 2,862.9 10,625.7 168.9 1,905.2 3,254.5 Total 17,527.3 13,586.6 7,281.8 8,665.9 34,617.9 36,653.2 8,496.9 9,178.8

Mr Keating's measures, considered by bankers to be a retrograde step running counter to global trends, have pushed up domestic in-terest rates and weakened the Australian dollar. They may also have highlighted Australia's economic

rowing - about investing in the country as a whole.

ly to disappear. Their sheer oeed for funding would put too great a But the scope for doing this is lim-strain on the capacity of domestic ited. markets, and a big increase in domestic rates could even make it attractive to borrow abroad regardless of the tax. So the real question is, if not exactly how to get round the tax, then how to borrow in the most tax-efficient manner.

It seems clear that the govern ment will not allow obvious loopholes which have allowed borrowers in, for example, New Zealand to avoid withholding tax. But those with international business could be unaffected if they do not need to repatriate funds borrowed by offshore vehicles, or unconcerned if their business provides them with a natural hedge.

Japanese and some European highlighted Australia's economic banks are already offering to arproblems for international investors and made them more cautious to the borrower, they would absorb the tax, on the principle that, as one

oce country is a potential tax de-But Australian names are unliked duction in another, particularly if there is a double taxation treaty.

> There are likely to be many other devices aimed at reducing the impact of the tax, and the differing treatment of existing and new debt could also create opportunities for swaps and arbitrage. In the bond market, the tax will encourage borrowers to issue more convertibles and other low-coupon debt.

> Among new deals is a £200m fiveyear credit for Halifax Building Society, being arranged by Morgan Guaranty effectively at 15 basis points over Libor with a 1/1 commitmeot fee.

Morgan Guaranty also has the mandate for a Turkish motorway loan. Banks subscribing to a \$120m Euroloan, carrying a Turkish Government guarantee, will be asked to take part in an additional \$120m US Eximbank-guaranteed loan Turkey a \$50m loan for ACOM, a Japanes is also due to raise a World Bank-

The sterling commercial paper market got a boost from Norsk Hydro's announcement of a programme of unspecified size with County NatWest Capital Markets and Swiss Bank Corporation Inter-

national as dealers. Italy's Montedison has appointed Citicorp, Goldman Sachs and SBCI as dealers for a \$200m ECP programme. Sparebanken Vest, a Norwegian savings bank, has a \$100m Euro-certificate of deposit programme arranged by Salomon Brothers International with five

Another Norwegian bank, Sunnmoersbanken, has sppointed En-skilda Securities and First Interstate Capital Markets for a \$50m ECP and ECD programme.

Merrill Lynch is arranging \$100m revolving underwriting facil-ity for General Instrument of the US. Mitsubishi Trust & Banking led

# Horten goes into red but sees recovery

BY OUR FINANCIAL STAFF

HORTEN, the big West German de- image of a speciality department into the red for last year, turning in a net loss of DM 84.4m (\$38.5m) against a previous surplus of DM

The company, which is 51 per cent owned by BAT Industries of the UK, is confident its results will show a significant recovery in the current year. It says sales for the first four months of 1986-87 were running some 26 per cent higher. For last year, which ended in February 1986, sales could nnly improve by 1.2 per cent to DM 2.9bo.

At the trading level, returns were severely hampered by Horten's oeed to absorb some heavy costs associated with group streamlining and disposals. In the past two years, Horten,

Germany's fourth-largest retail to 34 per cent eight years later. The

partment store group, has slumped store composed of small boutiques and shops.

As part of what Horten termed "the final streamlining," the compa-ny recently sold its low-priced gift shop subsidiaries, Dogmoch and Ypsilon Geschenke Vertrieb. The ratinnalisation measures were now beginning to pay off, Horten said.

The group, which lost its chief executive to rival retailer Karstadt last October, has had a recent chequered past. Its DM 20m of net profit for 1984-85 compared with DM 36m a year earlier.

This led to a cut in the dividend from DM 6 a share to DM 4. There is to be no dividend for last year.

BAT first took an interest in Horten in 1971, increasing its stake group, has revamped its product UK tobacco, paper and retailing range as part of a plan to create an group took full cootrol in 1984.

INTERNATIONAL BONDS

# Few dollar issues despite buoyant Wall Street

Eurobond and US Treasury markets were highlighted last week when a mere handful of fixed rate dollar issues emerged despite surging bond prices in New York, writes Clare Pearson in London.

When discount rate cuts were in the offing in March and April of this year new issue managers were able to lock a host of eager borrowers into historically low interest rates In the Eurobond market. These days, it seems, seasoned Eurobond prices may tick up a few points on hopes of a US discount rate cut but syndicate managers bring new issues at their peril.

One reason is that bouses already have substantial long positions. In the spring, Eurobond issuing houses allowed enthusiasm for po-sitioning to prevail over realism about distribution opportunities. Investors' indifference to an over-sup-

púz.

ply of aggressively priced paper left houses with buge potentially loss-making long positions, severely limiting their ability to generate more volume now.

investors that any near-term reducties testifies to this uncertainty.

When there is a mere 40 basis points to be gained by extending portfolios out to 10 years, the risk of taking on 10-year paper hardly strikes investors as worthwhile and they shorten up their holdings.

Eurobonds with "normal" maturiyear borrowings with rates at his-

Credit Lyonnais was successful des-Another reason is the fear among pite its seven-year maturity because \$100m of the issue was parttion in interest rates may be the ly-paid Since investors will have to last for a long while. The flatness of pay up only 16% per cent of a 101% the US Treasury yield curve beper cent issue price to gain a play
tween the three and 10 year maturion interest and exchange rates. they responded with enthusiasm.

> Credit Lyonnais' deal contrasted sharply with Banque Paribas' attempt to launch a 10-year deal in the sterling sector on Friday. This was for another French borrower.

Dealers have said that sterling ties of between five and 10 years are thus extremely hard to sell, while issuers hardly relish threedollar exchange rate with high

a spread over gilt yields on sterling Eurobonds, however, Cie Bancaire's per cent bond was priced at 101% to give a yield of about 20 basis points over that on gilt-edged stocks. The market found this not enough, and Paribas was compelled to withdraw it hours after launch.

from a strong currency. Diminishing hopes of a cut in West German est rates have deprived the market of impetus, however, and many recent deals are trading outside fees. Last week did, however, see one successful financing. This was a 10-year 6 per cent bond for the World Bank, led by Deutsche Bank. On Friday this was quoted at a bid price of 98.70 as against a par issue price.

but this is offset by a feeling that yields have oot much further to drop. The benchmark Japanese No. 78 domestic bond traded on Friday at a yield of 4.65, and dealers did not see much chance of a substantial reduction if rates were cut.

Lack of eothusiasm for all but D-Mark bonds similarly benefit sovereign names has precluded the launch of a number of issues for foreign banks, which have been permitted by the Ministry of Finance since the beginning of last month. Uotil the end of last week only two such deals had surfaced, launched by subsidiaries of their is suers. Late on Friday, however, Nikko Securities produced a third, a Y40bn deal for Barclays Bank.

The deal came too late in the day In the Europen sector there is a majurity and 8 per cent coupon strong expectation that the Bank of struck dealers as tight.

better in the markets dominated by institutional investors, the retail dominated Swiss franc market is showing signs of responding well to good corporate oames despite its overall lack of enthusiasm. A recent 5 per cent 10-year bond for United weries, for instance, gained two points in price in the course of last

With fixed rate markets looking so lacklustre, while equity markets continue buoyant, many issuing houses apparently find it the best policy to launch corporate debt in equity-related form. A crop of such deals emerged last week. The sector was dominated by issues for Japanese borrowers. Coupon levels such deals seem now to have stabilised in the 2% to 3 per cent region, and most deals traded at alightly below par.

# Japanese government bonds give best return

BY PETER MONTAGNON IN LONDON

JAPANESE government bonds of though this was partly also because fered the best total return an world floating rate notes offer no capital bond markets in the first half of appreciation at times of declining this year, largely due to the steep interest rates. appreciation of the yen, according meet house Salomon Brothers.

An investor who bought Japanese bonds at the start of the year would The best return on a money market have received a total return of 31.8 instrument was offered by Japaper cent by June 30, after taking ac-nese domestic certificates of deposcount interest, receipts, capital ap-it at 26.2 per ceot after accounting preciation and exchange-rate gains. The impact of exchange-rate

gains is measured by calculating total return first in domestic currency and then translating that into dollars to give a standard comparison across a range of major currencies. show the strong impact of currency

In general longer-term bond marto latest figures from the US invest- kets outperformed money market instrumeots in the same currency during the period under review. The best return on a money market for currency gains

Four of the world's five largest

banks are now Japanese, ranked in terms of assets. According to the latest listing of

the world's 500 largest banks by The Banker magazine, top place is Salomon's latest performance in-dicators for world bond markets \$167bn. But next four places are held by Japanese institutions: Daimovemeots over the past six Ichi Kangyo Bank (\$158hn), Fuji months. The worst return on bond Bank (\$142bn), Sumitomo Bank markets was offered by dollar float-(\$135bo) and Mitsubishi Bank ing-rate notes at just 4 per cent (\$133bm).

New Zealand \$50,000,000

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# INTERNATIONAL CAPITAL MARKETS AND COMPANIES

Andriana Ierodiaconou reports on a possible clash of accounting ideologies

# Greek auditors concerned about state role

recent reports of government statements. plans to expand the role of the Body of Certified Public

pansion in SOL's role, executiving to settle their debt problems of international accounting firms operating in Greece—are not recognised accounting firms operating in to the banking system.

These problems, however, statutory audits. Their work is

At present, in the absence of a codified set of accounting standards.

principles or clearly defined accounting concepts, financial is SOL, which is run by a five-

regime in Greece, which is idiosyncratic by EEC

plans to expand the role of the Body of Certified Public Accountants (SOL) in the auditing of company financial statements.

According to Commerce Ministry officials, the number of companies for which the law prescribes a statutory audit by SOL will be increased when Greece implements the European Community Fourth Directive on the harmonisation of company law. This pertains to financial statements.

Officials said that barring unforcacen delays, the Government boped to introduce the directive by January 1987. The relevant presidential decree is said to be ready in draft form. The Fourth Directive will be the first of a number of directives on the harmonisation of the structure and operation of the Socialed "problematic firms"—several dozen financial state.

While they deplore the Government's plan to companies in the Community to be implemented by Greece.

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While they deplore the Government's plan to companies in the Commu

According to the Commerce Ministry, SOL's competeoce will be extended to SAs with fixed assets below Drch 400m when the Fourth Directive is

implemented.

and the case for an open accounting profession in accounting profession in Greece. At present the main such body is the Association of Certified Accountants and Anditors of Greece (SELE). Most Greek accountants working for international accounting groups are SELE members.

In SELE's view, SOL's state connection is incompatible with professional principles of accounting independence. As an accounting independence. As an example it cites legislation passed last year which requires SOL auditors to report tax irregularities which come to their attention in the conrect their work directly to the Finance Ministry.

SOL for its part argues bothy practising certificate. that state supervision is not synonymous with state control, and cites the fact thet its members, of whom there are over 400 of various grades, are taxed as self-employed profes and beyond, sionals. In SOL's view the fact here to stay.

CONCERN IS growing within visions will lead to sorely are also intimately linked, in therefore limited to non-statuthat since 1955 when the the independent accounting needed reforms in the drafting the view of independent tory audits and related services. Organisation was established accountants, with the auditing According to the Commerce there has been no case of a property reports of supermorts of supermorts of supermorts. there has been no case of a member auditor ever facing sanctions for work improperly done, constitutes proof of the high quality of its services.

Above all SOL insists that it Over the years, accountants outside of the outside SOL have set up a organisation who are not truly number of associations to promote professional standards for a directly negotiated fee to for a directly negotiated fee to their clients. SOL auditors are salaried: companies pay a set fee set by the supervisory coun-

Commerce Ministry officials make clear there are no thoughts at present of promoting an open accounting profession in Greece, although they do not rule out future moves in this direction. in this direction.

Part of that framework may start to fall into place when Greece introduces the EC Eighth Directive, pertaining to the qualifications of persons capable of performing audits of financial statements, and the examinations for obtaining a

The deadline for the Eighth Directive, for which Greece has not yet started the groundwork, is January 1988. Until then and beyond, SOL appears to be

	Amount		Av. He	Couper			Offer years
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Toyo Wari & Warehouse 11	28	1991	5	278	108	Nikko Sets.	2.875 2.875
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STERLING							
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US Steel ‡	49.45	1995	9		1981/2	Goldman Sechs	7.920
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DANISH KRONER	-	1004			0000	M. barrens and an	
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Barcleys Oversens \$	48hm	1936	18	6	19175	Micha Secs.	5.748
Pustipaniki II	18to	1991	5	a	19172	New Japan Sees, Eur.	7.628
ERFERTS FRANCE							
Michalin I	750	1993	7.	81/4	100	Lazard Frenes	B.258

**NEW INTERNATIONAL BOND ISSUES** 

"Not yet priced. I Final terms. "Polyate placement." & Convertible. † Floating rate note. "I Write equity warrants. 

© With interest floor represents. 6 Converty linked. (a) Shogen Issue. (b) Sho over See Linear. (c) Coupee refined after 18 yes. (d) Ve over See Linear. (c) Coupee refined after 18 yes. (d) Ve over See Linear. (e) The coupee floor Linear. (f) Equal to See Linear. (f) Equal to S

# AT&T to open Bell research unit in Japan

BY CARLA RAPOPORT IN TOKYO

unit in Japan this week.

According to Mr William

Moody, head of AT&T's operation in Japan, Bell chose Japan

According to Mr William

Despite this drawhack, AT&T has managed to increase Japan Japanese sales by a factor of

mers that foreign products are thing people automatically suspect, "People Moody added.

AT&T, the US telecommunications group, is planning to open the first overseas subsidiary of its Bell Laboratorics research unit in Japan this week,

According to Mr William

According to Mr William

According to Mr William

Despite this drawhack, AT&T

Moody, head of AT&T's operation in Japan, Bell chose Japan
For its first offshore facility because of the country's acknowledged leadership in applying technology to the information and communication industries.

The unit will initially monitor technology developments in Japan, but may move into applied scientific research. It is the latest in a series of similar moves by companies auxious to internationalise their research and development activities.

At a speech in Tokyo, Mr Moody said that AT&T remains optimistic about increasing its sales in Japan despite the ingrained belief of many customers that foreign products are those more without a specifications last. Here, the spees are the first moody added.

#### **NEC** earnings slide by 59% By Yoko Shibata in Tokyo

NEC, the Japanese electronics maker, and its group companies registered a 58.5 per cent slide in net profits to Y27.19hn (\$1.68.8m) for the

year to March.
It hlamed the fall on weak markets for electronic devices as well as the yen's steep appreciation, which eroded export profit margins. Sales lotalled Y2.334.67bn, np 3 per cent, a good demand was felt for computers and communications continued.

for computers and com-munications equipment.
The consolidated results reflected the performances of 49 subsidiaries. Pre-tax profits overall dropped 15.6 per cent to Y117.82bm, while net earn-ings per share were Y19.69 against Y48.87.
For the current year, con-

against Y48.87.

For the current year, consolidated net profits are projected at Y35bn, a recovery of some 30 per cent from the-latest period, but still far befow the 1984-85 level of Y67.13bn, Sales are expected to reach Y2,600bn, up 11 percent.

# **Germans fear ITT-CGE** deal will mean lost jobs

BY JONATHAN CARR IN FRANKFURT FEARS OF possible job losses sation, could prove an obstacle to West The

German participation in the big telecommunications venture electricals companies which proposed by CGE, the French passed into French ownership state-owned group, and ITT of the US.

CGE hopes to find partners Thomson group in mind.

in Germany, as well as other In recent years Thomson countries, to participate in a has acquired several German European holding which would consumer electronics compan-

details of the proposed arrange-ment before deciding whether

ment before deciding whether apart from Standard Elektrik to join in.

The senior executive of one company, speaking informally, noted that those with minority proposed deal will strengthen themselves bearing a disproportionate share of any joh losses required by rationali-

European holding which would consumer electronies companhave a 70 per cent stake in the les, and announced earlier this planned telecommunications year there would have to be group. CGE itself would have a cut of some 1,200 jobs from the holding.

But German electricals companhave of the overall labour force of 7,700. Thomson is also cutting jobs in France and Spain Publicly, German companies would look long and hard at all have withheld comment on the planned CGE-ITT linkup on fire

planned CGE-ITT linkup so far, apart from Standard Elektrik

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Agent

**Chemical Bank** 

February 1986



US \$250,000,000

#### **EUROCOMMERCIAL PAPER PROGRAMME** AND TEN YEAR CREDIT FACILITY

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SALOMON BROTHERS INTERNATIONAL LIMITED

SHEARSON LEHMAN BROTHERS INTERNATIONAL

Tender Panel Agent for Advances THE BANK OF TOKYO, LTD.

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This Announcement appears as a matter of record only

April, 1986

# INTERNATIONAL CAPITAL MARKETS

US MONEY AND CREDIT

# Hopes run high for cut in discount rate

THE Federal Reserve's policy question the possibility of 2 per making Federal Open Market cent real growth in the first half committee (FOMC) meets to-morrow amid a broad expecta
THE Federal Reserve's policy question the possibility of 2 per even tighter spot than usual. ing a US discount rate cut more the bond market performance is likely. Is likely to remain domloated by shofting sentiments about the morrow amid a broad expecta
THE Federal Reserve's policy question the possibility of 2 per even tighter spot than usual. ing a US discount rate cut more is likely. Is likely to remain domloated by shofting sentiments about the morrow amid a broad expecta
THE Federal Reserve's policy question the possibility of 2 per even tighter spot than usual. ing a US discount rate cut more is likely. Is likely to remain domloated by shofting sentiments about the morrow amid a broad expecta-

limited to the figures on car indeed, the merket has sales and the employment posi-already decided that the Fed's tion. already decided that the red's next move will be towards accommodation—some market participants had even been expecting a Fed Discount Rate cut from the current 6.5 per cent at the eod of the last holiday shortened trading week. economists focused on the nonbe available. If this continues
An early discooot rate cut is farm payroll numbers which to depict a weak US economy
still a high probability, showed a drop of almost 90,000 and the Fed has not made an

morrow amid a broad expectation that the FoMC members
will vote to ease monetary
policy.

Indeed, the merket has sales and the employment posilimited to the figures on car
limited to easing is on-despite protesta-

still a high probability, although, as Dr Heury Kaufman, Salomon Brothers' chief economist, notes: "Some members of the FOMC are still uncertain about the pace of economic activity and the implications of rapid money growth. In addition, the timing of any easing move is atill in question."

The FOMC will have before it a wide range of depressing May economic data — numbers which many suggest call into

to eddress the weak economy and problems in the banklog system," say Smith Barney, economists.

The FOMC meeting tomorrow will also bave to address other Issues Including what to do about the errant M1 money supply measure. Despite last week's decline M1 remains well over target.

The three options appear to be to rebase the targets—an old trick—to repeat that M1 bas little policy relevence today, or to redefine M1 to exclude the NOW account component. In recent the impact, would NOW account component. In general terms the impact would be the same, but as Mr Jones notes: "It would seem that the Fed has to do something about the M1 overshoot if the Fed bopes to maintain anti-inflation credibility."

In the more immediate term

their rate, we believe thet the timing of a Fed Discount rate

Last week most sectors of the

rates fell by between five and 15 basis points.

The Treasury Bitl yield curvs continued to flatten to only 10 basis points reflecting heightened expectations of an early Discount Rate cut. In tha foreign exchange markets the dollar fell.

week, as were most new issue yield levels. New issue yield volume continued to be brisk

The prospect of an early rate cut bes been evident in the bond markets for weeks-helping send both short- and longterm rotes back down towards their lows for the year.

bond market posted modest net gains during relatively quiet pre-holiday trading which pre-holiday trading which ground to a final balt around

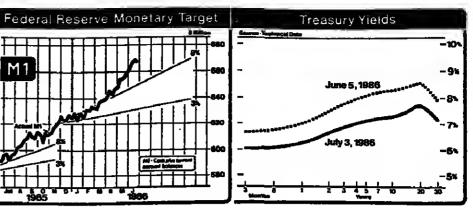
dollar fell.

Corporote bond prices were generally uncbsoged on the generally uncbsoged on the were most new issue volume for every calendar yesr volume fo

lunchtime on Thursdoy.

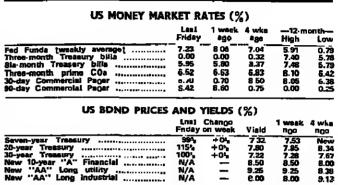
In the Government market bond prices rose by obout a quarter of a point on average while most short-term ioterest to yield 9.182 per cent.

to yield 9.182 per cent.
Last week olso marked something of a milestone as everyone scrambled to total up their halfscrambled to total up their half-year underwriting figures. According to Securities Data Corporation the dollar volume of toxable securities sold in the US reoched a record \$142.3bn in the first half—not only higher than ony previous half year but

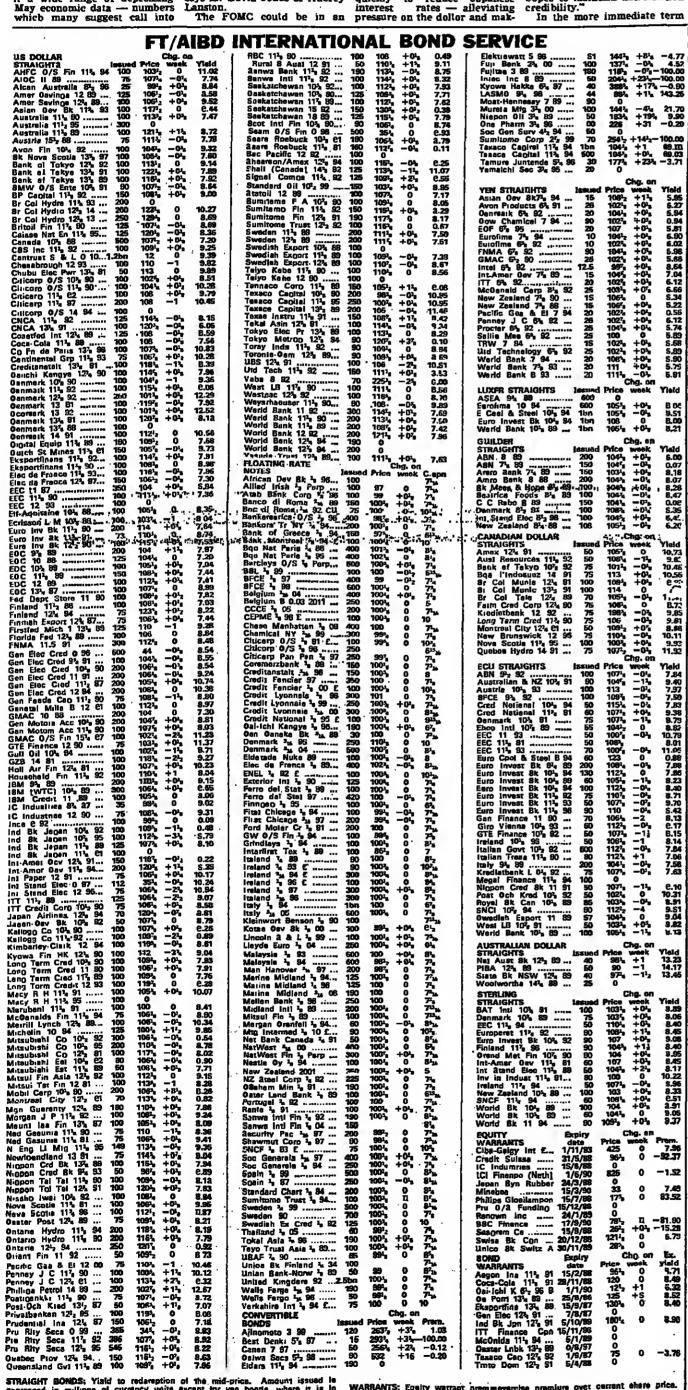


debt securities brought to market by the close on Wednes-

Paul Taylor



Money Supply: In the week ended June 23 M1 Jolf by \$1.8bn le \$666.4bn.



STRAIGHT BONDS: Yield to redereption of the mid-price. Amount issued le exoressed in millione of currency units except for yes bonds, where it is in billions. FLOATING RATE MOTES: UB dollers enless indicated. Mergin above als-menth offered rets († three-month; § above mean rate) for US dollers. C.cpn=eersent coupon.
CONVENTIBLE BONDS: US dollars unless indicated. Prem=percentage pramiers
of the surrant effective price of beying thems via the band over the most
recent share price.

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UK GILTS

# All eyes turn to the money supply

LAST WEEK's bounce in gilt so that it is equivolent to what prices came as a welcome relief hod been unofficially dubbed after a disappointing period. PSL3. At the last count it had What explains the market's recent lethargy? Is it something to do with distortions to M3? It probably has more to do with diversions from the A3. First there was the exodus to Rpsom, then the cut scross country to Ascot, and last week the trek year increase down to about 13½ to Wimbledon.

diversions from the A3. First there was the exodus to Rpsom, and last week the trek of Ascot, and last week the trek to Wimbledon.

Tomorrow's money supply data could help to liven things up. Sterling M3 may show growth of \$\frac{1}{2}\$ per cent.

Sterling M3 may show growth of \$\frac{1}{2}\$ per cent on the month, which would normally be a reasonable performance, though the figures. Even a negalive number could be interpreted as merely partial and overdue adjustment for previous rapid experiment for previous ra

term deposits and term shares, toral chances.

not to mention political worries, the exchange rate looks vuloer-

start the ball rolling.

It is unitkely to be our Nigel!
Quite spart from the woges
problem, the UK authorities
have two further reasons for
dragging their feet over interest
rate reductions. The General
Election may well be in the
autumn of 1987, at a time when
inflation could be heoding
upwards. It would be liefpful to
have the beoefit of mortgage

Secondly, the cost uncompeti-rate reductions within the veness of British industry will annual inflation figure who tiveness of British industry will annual ioflation figure who be sustained or even increased. With the balance of payments already likely to be under pressure from lower oll prices and the effect of a consumer boom, wise be enjoyed later in the country goes to the political field of the country goes to the political field of the country goes to the country goes to the country goes to the political field of the country goes to the country goes to the political field of the country goes to the country goes If the Government acts to eocourage cuts in morigage rates now which could other wise be enjoyed later in the year, it is effectively wasting a trick. And bearing in mind the importance of getting the privatisation of British Gas away successfully in the autumn, base rate cuts now may

smount to trumping one's part

Indeed, if we do see another round of international interest rate reductions it is possible that the UK may sit this one out. Even if the UK does toke miloor raily, perhaps. The mar-ket still needs to close the gap between short rates and long yields. Another base rote cut would bring the crossover at 91 per cent. The market would be oot so much off to the races. as off on its holidays

> Roger Bootle Lloyds Merchant Bank

A First from First Interstate

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# **BCE Development Corporation**

Cdn. \$300,349,998 66,744,444 Units

each Unit consisting of one Common Share (without par value) and one-half \$5.50 Common Share Purchase Warrant

Issue Price Cdn.\$4.50 per Unit

International Offering of 4,460,000 Units

Union Bank of Switzerland (Securities) Limited

Crédit Commercial de France

**Dominion Securities Pitfield Limited** 

**Dresdner Bank Aktiengesellschaft** 

Kleinwort, Benson Limited

**Leu Securities Limited** 

McLeod Young Weir International Limited

Samuel Montagu & Co. Limited

Nomura International Limited

**Merrill Lynch Capital Markets** 

Richardson Greenshields of Canada (U.K.) Limited

Salomon Brothers International Limited

**Toronto Dominion International Limited** 

Wood Gundy Inc. CHARLES BETTER PROPERTY

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U.S. \$55,000,000

# The New Brunswick Electric Power Commission



7¼ per cent. Notes due 1994

Unconditionally guaranteed as to principal and interest by

**Province of New Brunswick** (Canada)

Issue Price 1001/4 per cent.

Union Bank of Switzerland (Securities) Limited

**Bank of Tokyo International Limited** 

Banque Bruxelles Lambert S.A.

**CIBC Limited** 

Crédit Commercial de France

Crédit Lyonnais

**Deutsche Bank Capital Markets Limited** 

**Dominion Securities Pitfield Limited** 

Morgan Guaranty Ltd

The Nikko Securities Co., (Enrope) Ltd.

**Orion Royal Bank Limited** 

S.G. Warburg & Co. Ltd.

Banca del Gottardo

Wood Gundy Inc.

The Bank of Nova Scotia Group

**Leu Securities Limited** 

Nesbitt, Thomson Limited

Julius Baer International Limited

Richardson Greenshields of Canada (U.K.) Limited

Swiss Volksbank

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Can. \$50,000,000

# Xerox Canada Finance Inc.

9¼ per cent. Debentures due 1991

Issue Price 100% per cent.

Union Bank of Switzerland (Securities) Limited

Algemene Bank Nederland N.V.

The Bank of Nova Scotia

Banque Bruxelles Lambert S.A.

Banque Internationale à Luxembourg S.A.

Citicorp Investment Bank Limited

Dominion Securities Pitfield Limited

Dresdner Bank Aktiengesellschaft

Genossenschaftliche Zentralbank AG-Vienna

Kredietbank S.A. Luxembourgeoise The Nikko Securities Co., (Europe) Ltd. Leu Securities Limited

Nomura International Limited

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Société Générale

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# "Winterthur" Swiss Insurance Company

Offer Price Sfr. 6,218 per BPC

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Bayerische Hypotheken- und Wechsel-Bank

Banque Bruxelles Lambert S.A.

Crédit Commercial de France

Daiwa Europe Limited

Bayerische Vereinsbank

**Deutsche Bank Capital Markets Limited** 

Dresdner Bank Aktiengesellschaft

**EBC Amro Bank Limited** 

Handelsbank N.W. (Overseas) Limited

Leu Securities Limited

Merck, Finck & Co.

**Nomura International Limited** 

Pictet International Ltd.

Rahn and Bodmer

J. Henry Schröder Wagg & Co. Limited

Swiss Volksbank

Zürcher Kantonalbank

30th June, 1986

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Wass Marie

14th May, 198

U.S. \$100,000,000

# **Canadian Pacific Limited**

**7½ per cent. Debentures due 1996** 

Issue Price 100 per cent.

Union Bank of Switzerland (Securities) Limited

Wood Gundy Inc.

Algemene Bank Nederland N.V.

Banque Bruxelles Lambert S.A.

Commerzbank Aktiengesellschaft

County Bank Limited

Crédit Commercial de France

IBJ International Limited

Merrill Lynch Capital Markets

The Nikko Securities Co., (Europe) Ltd.

Nomura International Limited

Orion Royal Bank Limited

Salomon Brothers International Limited

Société Générale

Westdentsche Landesbank Girozentrale

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New issu



U.S. \$100,000,000

# **European Coal and Steel Community**

7¾ per cent. Notes due 1991

Issue Price 100% per cent.

Union Bank of Switzerland (Securities) Limited

Banca Commerciale Italiana

Dresdner Bank Aktiengesellschaft

Orion Royal Bank Limited

Banque Bruxelles Lambert S.A.

Banque Nationale de Paris

Banque Paribas Capital Markets Limited

Baring Brothers & Co., Limited

Bayerische Vereinsbank Aktiengesellschaft

Chase Investment Bank

Crédit Lyonnais

Goldman Sachs International Corp.

Kleinwort, Benson Limited

Leu Securities Limited

Nomura International Limited

\_\_\_\_

Swiss Volksbank

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New issue

1100

Hiller.

14

26th June, 198



U.S. \$100,000,000

# **Province of Nova Scotia**

8 per cent. Debentures due 1989

Issue Price 101 per cent.

Union Bank of Switzerland (Securities) Limited

**Banque Paribas Capital Markets Limited** 

Credit Suisse First Boston Limited

**Kredietbank International Group** 

**Dominion Securities Pitfield Limited** 

McLeod Young Weir International Limited

Merrill Lynch Capital Markets

Leu Securities Limited

Morgan Guaranty Ltd

Orion Royal Bank Limited

Richardson Greenshields of Canada (U.K.) Limited

S.G. Warburg & Co. Ltd.

Westdeutsche Landesbank Girozentrale

Wood Gundy Inc.

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New issue



The Kingdom of Denmark

U.S. \$100,000,000 7¼ per cent. Notes due 1993

and

100,000 Income Warrants to subscribe for U.S. \$100,000,000 8½ per cent. Notes due 1993

Issue Price of the 7¼ per cent. Notes due 1993: 100½ per cent. Issue Price of the Income Warrants due 1993: U.S.\$72.50

Union Bank of Switzerland (Securities) Limited

Banque Paribas Capital Markets Limited

Algemene Bank Nederland N.V.

Bank Brussel Lambert N.V.

County Bank Limited

Crédit Lyonnais

Daiwa Europe Limited

Den norske Creditbank

Kansallis Banking Group

Lloyds Merchant Bank Limited

Mitsubishi Trust & Banking Corporation (Europe) S.A.

The National Bank of Kuwait S.A.K.

The Nikko Securities Co., (Europe) Ltd.

Westdeutsche Landesbank Girozentrale

Postipankki

J. Henry Schroder Wagg & Co. Limited

Svenska Handelsbanken Group

Yamaichi International (Europe) Limited

Privatbanken A/S

Copenhagen Handelsbank A/S

Den Danske Bank

Financial Times Monday July 7 1986

# Offer values Windsmoor at £23m

BY RICHARD TOMKINS

houses, publishes the pros-pectus today for an offer for sale which will take it to a full listing at a market capital-more than isation of £23.3m.
Some 6.6m shares, represent-

ing 30 per cent of the enlarged equity, are being offered at 106p a share by Chase Man-hattan Securities. Of the £7m to be raised, ebout £5.4m will go to the Green family which founded the business and the rest, after expenses, to the com-

The business was started in 1933, intially as a manufac-turer and wholesaler of nen's coats. By 1938 the damoor trademark was

Windsmoor, one of Britain's registered and the company idest established fashion began supplying department store groups with tailored coats

> Today the group operates more than 500 shops within-shops located in leading departmeot stores in the UK and the Irish Republic. Its most important store groups are House of Fraser and Debenhams.

It designs, manufactures and markets high-quality women's wear under two labels, Windsmoor and Planet. The first is pitched mainly at those eged over 35 and the secong, launched in 1979, is geared more towards 25 to 45-year-olds.

rate over the past five years takes. Windsmoor, however, has from £388,000 in 1982 to £2.8m been in the business a long time for the year to last January, on

turnover up from £22m to £58.8m. The historic price/earnings multiple is 14.

Windsmoor is not making a profits forecast but says sales in the current year have been encouraging in spite of unencouraging in spite of uninthe stores sector but even favourable weather. Another 16 here it looks highly rated next Windsmoor ootlets and 30 new to, say, Ellis & Goldstein or Planet outlets are due to open Jacques Vert. On the positive by next January.

are dangerously susceptible to launched in 1979, is geared the vagaries of taste et the best pany's fairly high public profile of time and the narrowness of could create enough demand to Windsmoor's margins leaves see what is in any case a small painfully little room for missue off to e reasonable start.

and the record of the past five years suggests thet it is good at getting the product right. A potential stumbling block is the price, which looks a little rich for the rag trade. Windsmoor's retort is that It will find itself side, however, some £3.5m for the current year would bring Fashion-orientated companies more digestible 10 after a 35 per cent tax charge and the com-pany's fairly high public profile could create enough demand to

# Interest rise hits **Belgrave** profits

A substantiel rise in interest charges from £0.39m to £2.32m left 1985 pre-tax profits of Belgrave Holdings, hotels and

property group, lower at £1.81m, against £2.29m previously. Turnover rose from £7.4m to £9.7m.

After e low tax charge of £258,000 (£1.1m) net profits were ahead at £1.55m (£1.19m). An extraordinary charge how-ever, took £1.13m and related to costs in respect of the group's reorganisation, includ-ing the disposal of the engineering division and the disengagement from Gomba

Holdings (UK).

During the year Gomba Holdings (UK) went into receiver-ship in the course of which its 32 per cent stake in Belgrave was sold. The responsibility for the day-to-day management of the company was only assumed by the present hoard in Decem-

by the present hoard in December 1985.

Earnings per 25p share were 10.5p (14.5p) before extraordinary items and 2.3p (14.5p) after. The dividend is being raised from 4.2p to 4.5p net. The directors said they had reviewed all the group's activities and banking facilities. The group had now fully re-The group had now fully re-covered the confidence of all its lenders which was expected to result in an improvement in liquidity and profitability.

The group's investment properties were reviewed and certain properties revalued which increased net assets et December 31 1985 to 170p per share, compared with 147p

Suter, Mr David Abell's engineering group, has in-creased its stake in Newman Industries to 11.4m shares or 9.03 per cent. In April it announced it held 7.23 per cent.

# Royal Insurance holding talks with estate agency

largest composite insurance group, is in talks with the Blackpool-based estate agent Oyston, with a view to acquiring a substantial minority share-holding in the company. Such a move woold give

Royal a major countrywide presence in the estate agency field. A number of financial insti

tutions—Hambros, Lloyds Bank, Prudential Corporation and General Accident — have recently become major operators in the UK estate agency business all with the avowed aim of a nationwide chain of

suffered by Braithwaite Group in the year to end-March 1986,

over, Royal, through its life company, Royal Life, operates by acquiring a large minority It entered this field last year

through a 25 per cent holding in the Southampton hased estate agency of Fox & Co. The cur-

Royal Insurance is also a nesses. It needs the quality major player in this field. But whereas the other institutions are acquiring the control offices and can retain fine. whereas the other institutions offices and can retain them by are acquiring the complete equity of the agencies taken over, Royal through the complete over, Royal through the complete of the agencies taken over, Royal through the complete of the complete

in the estate agency sector and the seventh largest overal, with some 70 offices mainly in North West England. It is understood that the deal is lipked in with Overan making is linked in with Oyston making a takeover of another large rent deal is expected to see Royal take a similar size holding in Oyston.

Royal's philosophy is that it does not have the expertise a takeover in another large estate agency business. This has already happened with For & Co making it a near film acquisition since Royal became involved in its operations.

#### **Bertam lower** at £0.81m

Bertam Holdings, the plaota-tions group, suffered a fall in pre-tax profits from £1.09m to £810,000 for 1985, on turnover #A 6m lower et fl.33m.

Tax took £313,000 (£488,000) and there was an extraordinary charge of £27,000 (£115,000 credit). Earnings per 10p share were 2.49p (3.02p) before extra-ordinary items end 2.35p (3.6p) after. The net dividend is cut from 1.25p to 0.95p.

#### **Bodycote expands**

Bodycote International has ecquired the husiness and net assets of Buckinghamshire-based Itex Safety, a safety equipment concern. The value

passed itex Sarety, a sarety equipment concern. The value of net tangible assets acquired was £704,591. The consideration is to be satisfied by the assue of 296,766 Bodycote shares. For the year ended December 31 1985 Itex made a pre-tax profit of £36,000, prior to management charges of £148,000 from its immediate holding company.

### Imry downturn to £1.3m Net asset value per share £129,000, but relief had been

tax profits fell from £1.79m to £1.31m in the year ended March 31, 1986. The reduction was mainly caused by high interest rates and the ioss of revenue from the Turriff hulding, which has undergone e complete refurbishment.

Tax took £464,000 (£230,000) and there was an extraordinary dehit of £15,000 (£30,000). dehit of £15,000 (£50,000).

Earnings per 25p share dropped £144,000 (£171,000).

from 11.34p to 6.16p, but the The directors said no tax final dividend is 3.9p for e relief had been taken into account for US losses of

neounted to 402p (398p) at the taken into account for capital expenditure during the year.

Net income from investment properties climbed from f4.32m for the Hability to tax that would arise if the properties differ expenses accounted for and investment in the relations 000 (6497 000) and frames year end. Net income from investment properties climbed from f4.32m to £4.61m. Administration and other expenses accounted for £496,000 (£427,000) and finance costs were higher et £3.11m (£2.53m). Other operating income added £160,000

(£251,000) and share of related

company were sold at the net amount et which they stood in financial statements. This liability was estimated at some

The directors said these assets were held as long term investments and there was no intention of effecting any substantial disposal.

## FT share information

The following securities have been added to the Share Information Services: Clarke Hooper (Section: Paper, Printing and Advertising), Davies (D.Y.) (Industrials), Evans Balshaw (Motors, Garages and Distributors), P.E. International (Electricals), Regent Mining (Mines tricals), Regent Mining (Mines,

Braithwaite £1m in the red

future.

but the directors of this con-structional engineer and pressed steel maker, said that much of these were of a nonrecurring nature. There is no dividend for the year. These will be resumed as soon as the directors consider it prudent. In the year to March 1985 dividends totalling

9.1p were paid when pre-tax profits were £148,000. The group traded profitably in the first quarter of the current year, the directors stated. Since the year end reduced borrowings following the planned disposal of invest-ment properties and e positive cash flow have enabled them They added that the develop-

ment of earnings was the immediate priority. Losses per £1 share this time came out at

those on discontinuing while thosactivities were £229,000 (£418,000).

The loss on discontinued the decisioo was taken to withdraw from structural steelwork. and Braithwaite Filters closure

LOSSES OF £1.02m pre-tax were to look more condemntly to the of the Cardiff factory in July There was also an exception

charge of £505,000 (mil) in respect of the reorganisation of the pressed steel tank manufac

£1 share this time came out at 20.5p against earnings of 3.6p.

Turnover fell in the year from £11.37m to £9.97m, with reduced exports to Africa and the Middle East. The losses on continuing activities amounted to £286,000 (£566,000 profit) while those on discontinuing and the fectory closure costs of Braithwaite Filters.

As well as taking the re-medial action required at The loss on discontinued medial action required at activities consisted of the Braithwaite Engineers the trading losses for Braithwaite directors decided to review the Engineers to October 1985 when rest of the group's ectivities, the decision was taken to with for 1985-86.

#### **BOARD MEETINGS**

The following companies have notified detes of board meetings to the Stock Exchange. Such meetings are usually hald to the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

Interime:—County Properties, Domino Printing Sciences, Glass Glover, Secari-cant. TODAY

Finals:—Carclo Engineering, Bec-tronic Rentals, Fleming Claverhouss Investment Trust, Piston International, Finals:-

Bet July 17
Bespak July 23
Aromsgrove industries July 23
Freming Technology inv. Trust July 18
Freming Technology inv. Trust July 18
Freming Technology inv. July 10
Stoddard July 10
Australian).

#### Suter/Newman

#### SHARE STAKES

Changes in company share stakes over the past week MY Dart-Coast Investment

& Development of Kuwait has increased its stake to 1.1m ordinary shares (5.35 per cent). British Benzol — Prudential Portfolio Managers aggregated interest in the ordinary has increased to 1.44m shares (5.44

now interested in 2.75m ordinary (6.97 per cent).

By G.97 per cent).

Director C. J. Hatton acquired 22,000 "A" ordinary shares.

Apricot Computer — Pruden-

tial Corporation now owns 3.11m ordinary (5.5 per cent) split as follows: Prudential Assurance 2.17m and Prudential Nominees 942.344.

British and Commonwealth Shipping, has acquired 200,000 ordinary, hringing total holding to 5.48m (21.9 per cent).

Exco Intl—Following purchase of 500,000 ordinary, Tan Srl Khoo Teck Puat now interested in 67.85m. On June 30 director J. G. O'Neill sold. 30 director J. G. O'Neill sold 150,000 shares et 220p. Telfos—Director J. Malins

per ceot).

Moorgate Mercantile Hold- purchased 20,000 and 30,000 Fleming Technology Investment Investments, a ordinary and now holds 1.89 ment—Kuwait Investment Office wholly owned subsidiary of per cent of that class.



US \$100,000,000 Guaranteed Floating Rate Notes Due 1995

Holders of Floating Rate Notes of the above issue are hereby notified that for the second Interest Period from 7th February, 1986 to 8th August, 1986 the accumulated interest amount payable is US \$359.48 per US \$10,000

Bank of America International Limited



The attraction is magne Expanding or relocating your bus for some forceful arguments ontset Mike West Bristol's Director of Sconomic Development, Brunel St Georges Road, Bristol BS1 SUY

LADBROKE INDEX 1.354-1.360 (-7) Based on FT Index Tel: 01-427 4411

# Davy was principal contractor to British Steel Corporation, designing and supplying the main elements of the £170 million modernization of their Port Talbot hot strip mill, officially opened by Their Royal Highnesses "TECHNOLOGY PROVIDES THE BASIS FOR FUTURE PROFIT"

\_I LL\_178 Cuczon Street

Lord Jellicoe, Chairman of Davy Corporation, announcing the company's results for the year ended March 31st 1986 notes that in changing market conditions, with severe international competition, it is Davy's ability to offer first-class process technology to a broad range of industries worldwide which provides a continuing basis for future profit.

ing thirty contracts in the People's Republic of China, all involving Davy

Results for the year with equivalent figures for

the previous year are: 1986 2 million £million Turnover Profit before tax 16.3 13.0 **12.7** pence 10.5 pence Earnings per share 4.8 pence Dividends per share

The Annual Report and Accounts will be sent to shareholders in the first week of August and will then be available to others on request to the Public Affairs Department, Davy Corporation plc, 15 Portland Place, London W1A 4DD. Telephone: 01-637 2821, Telex: 22604.



me of Commission Plane and The

# on has been made to the Council of The Stock Exchange for the grant of permission to deal in my shares of BBB DESIGN GROUP FLC in the Unlisted Securities Market. It is emphasized that shares of BBB DESSON CROOM PLOTH the College of the shares being in has been made for the shares being be amilable to the public through the market during madest hours today.

DESIGN GROUP PLC

GRANVILLE & CO. LIMITED 2,654,500 ordinary shares of 5p each at 67p per share

Authorised: £650,000 in ordinary shares of 5p each Issued and to be issued pursuant to this placing: £414,000 in ordinary shares of 5p each

SHARE CAPITAL

BBB DESIGN GROUP FIC provides a broad range of clients with graphic design, specialist marketing, publishing and printing services. These activities are supplemented by computer-aided graphics and typesetting services provided by a computer services subsidiary.

Particulars relating to BBB DESIGN GROUP FLC are available in the Extel Statistical Service, and copies of such particulars may be obtained duting normal business hours on weekdays (Saturdays excepted) up to and including 21 July 1986 from:

Granville & Co. Limited, 8 Lovat Lane, London EC3R 8BP

Alformatically 7 JULY 1986 INTERNA

	FINANCIAL TIMES STOCK						INDICES				
· · .	July 4	2 g	July	July	June	June 27	119h	Low	Bines Co	mplication Low	
nent Secs.	e1.66	91,34	90,74	90,43	90,84	90.84	94.51	80.39		49.18	
terest	97,44	97.00	96,86	96.78	96,71	96,96	97,51	86.55	150.4	50.53	
·	1356.5.	1566,7	1366.6	1575.7	1367.1	1854.4	1425,9	1094.3	1425.a	49.4	
es	196,3	199,4	198,2	204,2	202,5	198.5	357.0	192.3	734.7	48.8	
Ji Share	816.09	<b>018,87</b>	616.33	820.28	615,70	808.78	e52,39	664,42	832.59		
0	1649.4	1656.2	1656.7	1660.8	1649.5	1629,1	1717,e		1717,8	61.03	
									i eretig 1	- 500°R	

Ordinary. Gold Mine FT-Act Al

# **UK COMPANY NEWS**

# Phillips & Drew | Anglo United Development | ROYAL midway profits shortfall

**BULLDOG BONDS** We are pleased to announce that from Monday

Ken Humphries

July 7 1986 we will act as **MARKET MAKERS** 

in Bulldog Bonds

MEMBERS OF THE STOCK EXCHANGE

 $(\omega_{i}, \omega_{i}, \omega_{i}, \omega_{i}, \omega_{i}, \omega_{i}, \omega_{i}) = 0$ 

Please contact:

Eddie O'Sullivan

Jonathan Bradley Stuart Leigh

8

**David Sheath** Tony Bolton Hugh Bowden Chris Marrow

> Telephone: 01-588 7981 Reuters: PDFA-PDFH Topic: 3400

120 MOORGATE, LONDON EC2M 6XP

DESPITE A less than satisfactory first half for Anglo united Development Corporation, the directors said they remained confident of the year's outcome. They declared an interim dividend of 0.5p gross and intended to recommend a final of not less than 1p gross.

Led to a pre-tax profit of agreement with British Coai to extract the vested coal at the extract the vested coal at the Roughcastie site io Scotland, summer stocking plans of major UK customers, and new mejor comtracts woo by US coal brokers.

The company started operations in the North Midlands amounts due as a result of loss where it was awarded an open-

The company is incorporated in Canada, and is principally engaged in opencast coal mining in the US and the UK.

It said it intended to move its residence and status to England and substantial work in view of the seasonal professional fees.

Although almost all loss of profit related to the current year, the insurance proceeds its residence and status to be residence and status to profit in view of the seasonal profit and related profit related to the current profit related to the curr It said it intended to move its residence and status to England and substantial work had been completed by its advisers to put this into effect. For the half year ended April 30 1986 the inclusion of £922,000 net proceeds from an insurance claim in the US had the inclusion of the company to benefit from an insurance claim in the US had the inclusion of the company to benefit from an insurance claim in the US had treated as exceptional (£680,000) the net profit for the balf year came to £955,000 (£826,000) for earnings of 0.75 (£11p) per share. Last time debit of £450,000 being expenses of admission to listing on the London Stock Exchange

the balance represented amounts due as a result of ioss where it was awarded an open-cast site from British Coal. This will geoerate revenues of some will geoerate revenues of some £3m over the period of the contract, expected to be two years. After tax of £37,000 (£680,000) the net profit for the balf year came to £595,000 (£686,000) for earnings of 0.7p (1.1p) per share. Last time there was an extraordinary debit of £450,000 being expenses of admission to listing

CONTRACTS

# £20m order for Distington

DISTINGTON ENGINEERING CONTRACTING has won a contract work £20m. The company will supply two continuous casting machines for United Engineering Steels in Rotherbam, Mr. Howard Oates DEC's commercial manager, said commercial manager, said the order, along with another recent similar contract from British Steel, should ensure job security for the 130-strong workforce for the next 18 months. DEC was taken over in April by the Devy Corporation from by the Davy Corporation, from British Steel, for £1.5m.

HUMPHREYS AND GLASGOW has been awarded an offshore contract worth over £6m by Hydrocarbons Great Britain, e wholly-owned subsidiary of British Gas, for engineering and procurement on phase 1, stage 2, of the Morecambe Bay gas field development. The contract covers engineering, design and procurement by H and G and its subsidiary, Earl and Wright, for three drilling platforms to be located in about 100 ft of water together with interlinking subsea pipelines. Conceptual design for the platforms was carried out by Earl and Wright and all three platforms will incorporate slant drilling factities. A festure of the project will be the extensive use of computer-aided design. HUMPHREYS AND GLASGOW has been awarded an offshore contract worth over £5m by Hydrocarbons Great Britain, e wholly-owned subsidiary of British Gas, for engineering and procurement on phase 1, stage 2, of the Morecambe Bay gas field development. The contract covers ongineering, design and procurement by H and G and its subsidiary, Earl and Wright, for three drilling platforms to be located in about 100 ft of water together with interfinicing subsenpipelines. Conceptual design for the platforms was carried out by Earl and Wright and all three platforms was carried out by Earl and Wright and all three platforms was carried out by Earl and Wright and all three platforms will incorporate slant drilling facilities. A festure of the project will be the extensive use of computer-aided design.

HARLAND SIMON has been awarded a cootract worth over 15m by M.A.N. ROLAND of Augsburg. West Gergnany, The contracts in 2012 the Signal and procure size of the contracts include training, installation, supervision and maintenance which will be supplied by British Telecom. The oew contract will be first will be the extensive use of computer equipment. Each contracts include training, installation, supervision and maintenance which will be supplied by British manufactured Lister diesel engines room has been awarded a cootract worth over 15m by M.A.N. ROLAND of Augsburg. West Gergnany, The contracts and air-condition-installetion of electrical drive contracts and air-condition-installetion of electrical drive contracts and air-condition-installetion of electrical drive contracts. Since the contract worth over 25m by M.A.N. ROLAND of Augsburg. West Gergnany, The contracts and air-condition-installetion of electrical drive controls, with associated micro-papers Printing Corporation, professor and computer equipment. Some has been awarded a for the BColoman presses destined for the British news of the ground at the control of the professor and computer equipment. Some provided the colombia, Inc., and Occidental engineers and procure of

pisced in Europe for equipment of this type.

between HAWKER SIDDELEY POWER ENGINEERING (HSPE) of Lelcester and DISTRAL SA of Bogota, Colombia

TURNER & NEWALL'S subsidiary, TBA Bekting, has been awarded a 40 per cent share of British Coal's 1986-1987 contract for solid woven fire-resistant antistatic PVC conveyor belting for both underground and surface use. This is the largest contract gained by TBA Belting and on current estimates will be worth over £10m. The contract incindes provision of belting with polychloroprene covers for which TBA claims technical leadership, the solid provision of Stockport, the associated alternators being provision by Energy Procurement of Stockport, the associated alternators being provision by Energy Provision of Stockport, the associated alternators being provision by Energy Provision will be completed in October 1987.

HSPE has overall project management and design responsibility. Procurement of equipment will be from both the UK and Colombia and will include the provision of four crude-oll-burning 8.4 MW, reciprocating diesel engines from Mirrlees Blackstone of Stockport, the associated alternators being provided by Brush Electrical Machines of Loughborough. Both companies are members of the Hawker Siddeley Group.

The Mirrlees Blackstone engines will operate at a crankshaft speed of 600 rev/min and e nominal brake mean effective pressure of 19 bar. They will be capable of operation on either light diesel fuel or on the locally-produced crude oil. A team of Occidental engineers will be resident with HSPE for the first two months of the content to annexus hatic designs.

الملذا مندلاعل

This advertisement compiles with the requirements of the Council of The Stock Exchange.

Royal Trustco Limited (incorporated with Rmited liability in Canada)

C\$100,000,000

9% per cent. Debentures Due 1991

Issue Price 101 per cent.

The following have agreed to purchase or procure purchasers for the above Debentures:

Union Bank of Switzerland (Securities) Limited Bank of Montreal

Girozentrale und Bank der österreichischen Sparkasse The Nikko Securities Co., (Europe) Ltd.

J. Henry Schroder Wagg & Co. Limited Swiss Bank Corporation International Limited Westdeutsche Landesbank Girozentrale

Banca della Svizzera Italiana Dow Banking (Overseas) Ltd.

**CIBC Limited** 

The Royal Trust Company of Canada Banque Internationale à Luxembourg S.A.

Sumitomo Trust International Limited Toronto Dominion international Limited

Swiss Volksbank, London Branch Licensed Deposit Taker

Wood Gundy Inc. Banque Bruxelles Lambert S.A.

Application has been made to the Council of The Stock Exchange for the Debentures to be admitted to the Official List.

Listing particulars relating to the Debentures are available in the Extel Statistical Service and may be obtained during usual business hours up to and including 10th July, 1985 from the Company Announcements Office of The Stock Exchange and up to and including 18th July, 1986 from:

Union Bank of Switzerland (Securities) Limited Stock Exchange Building P.O. Box 406 London EC2N TEY

#### IFSAT/86

**Outstanding opportunities** for new corporate relationships in 1986 and through 1987 THIRD ANNUAL INTERNATIONAL EXHIBITION, FINANCIAL TIMES CONFERENCE & SEMINARS 21st, 22nd & 23rd OCTOBER, 1986 AT THE BARBICAN, LONDON International Financial Services & Technology SPONSORS: The Banker ORGANISERS: Industrial and Trade Fairs Ltd. CONTACT: Philip Mead 021-705 6707,

John Lawton (City Office) 01-628 6225

# £000 11,360

Chamberlin

& Hill P.L.C.

£000 Turnover 10,993 Profit before tax 531 562 9.57p

The period under review saw the completion of our three-year strategy to concentrate production on four sites instead of seven previously. Concurrent with this rationalisation was the continuing modernisation of the two remaining foundries and two electrical equipment.

Whilst we made progress in this period, with group trading profit up marginally to £615,000 from £608,000, higher interest charges resulted in a 6% drop in pre-tax profits. Extraordinary items relating to closures and relocation costs totalled £196,000. The dividend for the year remains unchanged.

The electrical companies made some progress, whilst the foundries had a less than satisfactory year.
There are now many optimistic forecasts for the economy, but we have yet to see the promised improvement. The reorganisation of our activities will improve the long-term strape of our balance sheet and its asset cover. We look forward to improving our earnings for shareholders in 1986-87. John Eccles, Chairman

# U.S.\$2,500,000,000



United Kingdom Floating Rate Notes Due 1992

To accordance with the provisions of the Notes, notice is hereby given that, for the three months period, 7th July. 1986 to 7th October, 1986 the Nntes will bear interest at the rate of 6¼ per cent. per annum. Coupon No. 4 will therefore be payable on 7th October, 1986, at the rate of US\$8,625.00 from Notes of US\$500,000 nominal and US\$172.50 from Notes of US\$10,000 nominal.

S.G. Warburg & Co. Ltd.

#### PENDING DIVIDENDS

Dates when some of the more important company dividend statements may be expected in the cext few weeks are given in the following table. The dates shown are those of last year's announcements except where the forthcoming board meetings (indicated thus") have been officially notified. Dividends to be declared will not neessarily be at the amounts in the column headed "Announcement last year."

		- ,	
	Date	Announce- ment lest year	
	*Abbey LifeJuly 18 *ASDA-MIWJuly 27	Interim due Final due	M
	*Associated NowspapersJuly 6	taterim 5.5	M
	BETJuly 17	Final 11.25 Figal 2.3	•Mi
i	"Barclays"	I India Lo	No
	BankAug 7 BritoilJuly 12	Interim 8.4 Interim 3.3	Oc
	"Daily Mail and		-
i	Gen TrustJuly 10	Interim 15.5	•Ra
Į	Dee CorpAug 8	Final 4.0	0
i	*Electronic	Final 2,8	STO
ı	GKN RentalsJuly 7	Final 2.085	8mi
ł	GestetnerJuly 18	Interim 0.5	п
ı	GlynwadAug 8	Interim 3.75	-11
i	Granada ,	Interim 2.53	To
i	StoresJuly 18	Final 11.75	•Un
ı	RobinsonJuly e	Final 4.2	York
ł	*Intol LeisumJuly 15	Final due	•
ı	*ListerJunn 30	Final 0.25	lesu
ı	*Lloyds BankJuly 25	Interim 7.5	Issu

6,746,573

647,583

Date	Announce- ment last year
Magnet nnd- SouthernsJuly 10 Mercantile	Finel 2.7
HouseJuly 31	Final 8
NatWest	Interim 11
BankJuly 30	Interim 10
TransportJuly 31	interim 2.15
OrganiantionJuly 17	
SecuricorAug 7	
Nephew., Aug 8	Interim 5.0
Tham EMIJuly 10 Tomkins	
(F. H.).ساناy 29	
Yorks Chems Aug 8	Fine) des
· Board meeting Intir	nated. † Rights

re nince mindn. \$ Tax free. \$ Scrip MANUFACTURERS HANOVER CORPORATION US\$100,000,000 ting Rate Subordi Notes due 1997

in accordance with the provisions of the Notes, notice is horeby given that the coupon amounts for the period 15th April, 1986 to 15th July, 1986 will be US\$180.10 for the US\$10.000 denomination and US\$4,502.60 for the US\$250,000 denomination and will be nave denomination and will be payable on 15th July, 1986 against surrender of Coupon No. 4. Agent Bank

CENTRAL BANK OF NIGERIA FLOATING RATE NOTES DUE 1986/90 TO BE ISSUED IN RESPECT OF **OUTSTANDING TRADE DEBT** 

of the Notes, notice is hereby given that in respect of the interest Period from July 7, 1886, to October 6, 1986, the Rate of interest has been determined at 7746% per annum.

THE CHASE MANHATTAN BANK, M.A. FISCAL AGENT



Heidring & Pierson N.V.

VIKING RESOURCES INTERNATIONAL

WARBURG SECURITIES INTERNATIONAL DIVISION

ODAY the issuing, underwriting, distribution and trading activities of S.G. Warburg & Co in the international capital markets combine with Akroyd & Smithers' Eurobond business and with the international equities business of S.G. Warburg, Rowe & Pitman, Akroyd (Rowak) to form the International Division of S.G. Warburg, Akroyd, Rowe & Pitman, Mullens Securities — to be known as Warburg Securities — with membership of the world's leading Stock Exchanges, in London, New York, Tokyo, Hong Kong and, through its association with Potter Partners, in Melbourne and Sydney.

WARBURG SECURITIES

S.G. Warburg, Akroyd, Rowe & Pitman, Mullens Securities Ltd. 1, Finsbury Avenue, London, EC2M 2PA Telephone: 01-280 2000 and 01-247 3225 Telex: 937011 and 8952485

Facsimile: 01-247 8076 and 01-247 8601

Council of The Stock Exchange and does not constitute an offer or invitation to subscribe for or purchase shares.

This advertisement is issued in compliance with the requirements of the



# REA BROTHERS GROUP PLC

Introduction of 26,986,291 Ordinary shares of 25p each and 647,583 8-6 per cent. Cumulative Convertible Preference shares of £1 each

Application has been made to the Council of The Stock Exchange for the whole of the share capital of Rea Brothers Group PLC to be issued pursuant to the offers for the existing ordinary and preference capital of Rea Brothers PLC to be edmitted to the Official List.

12,500,000 10,000,000

22,500,000

Shara Capital

ference Shares of £1 each

Ordinary Shares of 25p each 8-6 per cent. Cumulative Convertible

Particulars relating to the securities are available in the Extel Statistical Service and copies may be obtained during normal business hours up to and including 9th July 1986 from the Company Announcements Office of The Stock Exchange in London and up to and including 21st July 1986

Rea Brothers PLC; Alderman's House, Aidermen's Walk, LONDON EC2M 3XR.

Kleinwort Grieveson and Co, 20 Fenchurch Street, LONDON EC3P 3DB.

7th July 1986

# construction 021704 5111 0344 426688 SOLIHULL

BRACKNELL

# **Pyramid** Hospital project

COSTAIN INTERNATIONAL in joint vecture with CRC HASSAN DORA has been appointed main contractor for the £25m first constructor for the £25m first phase construction of the Pyramid Hospital project in Cairo, Egypt. Project manager, Higgs & Hill is responsible for the design, construction and equipping of the hospital for The Cairo Organisation for Medical Treatment. The Pyramid Hospital project will provide 300 beds with facility to extend to 600 in two further phases. The nine-storey stepped structure will have a reinforced in-situ concrete frame, floors and roof. The nave a reinforced in-stu concrete frame, floors and roof. The building is based on a 7.2 metre grid and accommodation is arranged around a central court-yard. Walls are of cavity blockwork, painted white, while planted terracing is used at each level. The wards are located on the contraction of the building the perimeter of the building with access to the terraces. Green aluminium louvred shading will project two metres from the con-crete edge beams to further emphasise the building's stepped form. The project is due for completion in 140 weeks from the date of commencement.

JOHN SISK AND SON has secured six contracts with a total value of over £2.8m. The largest cootract, worth £900,000, is to carry out the external renovation of the Park Court Hotel in Lancaster Gate W2, for Mount Charlotte lovestments. Other projects include the construction projects ioclude the construction of an office building at St Albans for Gasvenor Square Properties Group, value £300,000; the conversion of St Marks Church, Hanwell, to form 19 flats for the Northcote Housing Association; two projects for the Royal Borough of Kensington and Chelsea to refurbish changing room facilities and install bealth suites at the Kensington and suites at the Kensington and Chelsea sports centres. The work at the Kensington sports centre is belog carried out as a sub-contract package to Bovis Construction. The company is also to refurbish an existing Nash designed terraced bouse at Regeots Park to form offices for Home Equity Ralocation.

# CONSTRUCTION CONTRACTS

# **Crossing London** by British Rail

BY JOAN GRAY, CONSTRUCTION CORRESPONDENT

RE-OPENING THE Victorian Snow Hill railway tunnel under the heart of the City of London is a key part of British Bail's new strategy of offering an improved service to attract more passengers.

The Snow Hill tunnel will carry an estimated 20,000 passengers a day and will make a new range of journeys possible when it opens in May next year, by providing a link between Farringdon and Blackfriars railway stations, and between the Midland and Southern railway regions.

The most important new route will be the link between Luton airport in the north and Gatwick Airport in the south. But the tunnel will also make other cross-London trips
—such as Bedford to Brighton

-possible without any need to cross the city from one terminus to another to change 1969 because it was no longer railway policy to have any direct north to south cross arrest north to south cross-ings, and the powerful rail-way regions then acted more like the old competing rail-way companies in their dis-

like of having links between Now the railway regions in an 80 miles radius around London bave been grouped together under the banner of Network South East, under the leadership of a new Net-work bead. Mr Chris Green. The old barriers bave been broken down, and the new motto is to try to generate new traffic with new services and a new spending pro-

Re-opening the Snow Hill tunnel will cost £54m — of which the civil engineering works needed will cost only £2m, and the rest will be

ent on rolling stock and re equipping.
Mr David Sparrow, the

British Rail civil engineer in charge of re-opening the tunnel—and who was also in charge of closing it down some 17 years ago—is quick to admit that as a civil engineering job it is hardly difficult.

"There are virtually no

civil engineering problems at all," he said. "Basically what we have to do is dig out the the tunnel to a new level and put in modern ballast to get the height for modern trains and make the gradients shallower."

The base of the tunnel is

being excavated to a depth of between 300mm and one metre to ease the gradient from a slope of one in 30 or 40 to one in 50 and to provide a gentle, evenly sloping bed for the new double track. Before work could start on

the tunnel bed, 2,000 cu metres of rubbish had to be removed, as the 600-metre long disused tunnel had become a tip.

The work is being carried out by the Surrey-based contractor, Farnol of Whyteleafe, and included removing three

old cars and one seat—which is now in the Museum of London-from the original Vic-torian station inside the No new Snow Hill station within the tunnet is yet be-ing built. But British Rail is

evaluating plans to sell the little-used Holborn Viadnet station above for office development, and to use the proceeds to build a new station inside the tunnel it-self, half way between the two main stations of Farringdon and Blackfriars. One reason for the civil engineering simplicity of the



project to reopen the tunnel is the excellent state of preservation of the original Vic-torian structure. No water had percolated through, so no new drainage system or

no new drainage system or major repair was needed.

Another factor is that Snow Rill was not built as a tunnel but as an open deeptreneh railway in 1860, which was subsequently covered by the City buildings—such as Smithfield meat market—over and around it.

"Except for the soot an

"Except for the soot on the tunnet from the steam trains it was in perfect condition," said air Sparrow. He is now selling the freshly-removed steam-train sort to railway fans for 50p a bottle.

JOHN WILLMOTT GROUP has been awarded cootracts worth f4.9m. John Willmott has been awarded a contract worth about £2.5m by London lodustrial Park for a retail discount centre at Beckton, Ed. The company has a cootract worth around £1.1m by Line worth around £1.1m by Line E6. The company has a contract worth around film by Ling Dynamic Systems for the erection of a factroy and office extension. A contract worth in the region of £890,000 has been placed by Cadogan Estates for alterations, extension and refurblament at 18 Cadegan Gardens, SW3, to provide high quality office accommodation, A coeract worth around £530,000 for Loodon Borough of Hounslow, is for the erection of a new roof to an existing building at Cranford Community College, Cranford, Middlesex.

July 4, 1986). One of the principles may be described as the doctrine of the

The outcome of any trial depends on avidance, not on allegations. Without evidence 2 court case is a travesty. The evidence must be relevant to an issue in the ease. It must also be admissible according to the current rules of the law of

If it is irrelevant or inadmissible, it must be disregarded and excluded. It must not be suppressed or excluded if it is relevant and otherwise admis-sible, it must then be taken into account, considered, accepted or

As long as it is relevant and admissible the coort, as a general rule, will not be con-cerned with the way in which it was obtained or came to light. When this principle prevails, the coofidentiality of a document in itself does not affect admissibility in evidence.

The other principle is in no way inherent to the nature of court proceedings and may be described as the doctrine of the preservation of confidentiality. It arises from various legitimate demands, expectations and needs in several aspects of everyday life, including husi-ness and professional dealings. On occasion, one person may communicate information or opinions to another on the strict understanding that further dis-closure is prohibited. Further-more, a relationship between

TODAY

Commons: Finance Bitl, progress on remelaing stages. Patents Designs and Marks Bitl, remaining stages. Oabste on EC documents relating to agricul-

Clash of legal principles over admissibility of evidence

THE WEEK IN THE COURTS

THERE WAS a dramatic clash two persons, for example beof legal principles in Goddard tween a client and a solicitor. Appeal allowed them.

The court conceded that if a stile materiality or the justice ing Society (Times Law Report, a degree of confidentiality.

July 2, 1986 and FT Law Report, There are circumstance There are circumstances in

which the courts are prepared to uphold and protect the confidential nature of a communicasupremacy of evidence. It is tion or a relationship, inherent to the nature of court When this principle When this principle prevails,

the confidentiality of a docu-ment is neither affected nor diminished by its admissibility in evidence.

How did the clash of principles occur in the Goddard case? How did the courts resolve

It was a dispute between two bouse purchasers and a build-ing society about whether a survey report had been pre-pared negligently.

The building society in its defence relied on the contents of an attendance note made by the bouse purchasers' solicitor. The note contained details of a conversation between Mr God-dard, one of the purchasers, and

The solicitor, who also acted for the building society, had sent the society a copy of the note when he was aware that the purchasers had issued a writ against the society claim damages for negligence. The two purchasers, Mr God-dard and Miss Rose, made two applications to the court. One was for an order to strike out various passages in the huilding society's defence which relied

on the contents of the attendance note. The note was a privileged document. The other was for an injunction to stop the society using or copying the note and order-ing the society to return it and all copies.

litigant had in his possession copies of privileged documents. he might use them as evidence in his litigation. This was established in Galcraft v Guest (1898 1QB 759).

But if he had not yet used the copies in that way, the fact that he intended to do so was no answer to a claim against him to deliver them up or to restrain him from making use of them. Such a claim depended on the

solicitor in the same way as it would protect an employer's trade secrets against unauthor-ised use by a form employee after the termination of employment.

In the course of his judgment in the Goddard case, Lord Justice Nourse mentioned sev-eral points which might help the rule of evidence in the Cal-craft case and the rule of equitable jurisdiction in the Antiable jurisdiction in the Ash-hurton case. The Calcraft rule applied to,

and prevailed in, proceedings the purpose of which did not include the protection of confi-dential communications. The Ashburton rule prevailed

over the Calcraft rule only in cases in which some legal privi-The purpose of an injunction on which the courts will be asked to resolve the conflict and confusion.

The purpose of an injunction asked to resolve the conflict and confusion. ll copies.

burton rule applied was to assist
Mr Justice Hollings rejected a legal privilege. The court

of admitting or excluding the particular confidential communi-

cation in issue, The right of a party to the equitable jurisdiction did not depend on the conduct of the rson against whom it was to be used. An injunction could be granted against an innocent stranger who bad come into possession of confidential information.

Even in eases to which the Ashburton rule did not apply. court's equitable jurisdiction applied in such cases as Lord party who had acted improperly Ashburton v Pape (1913 Ch from benefiting from the Caldes). In that case, the court protected the confidential nature of letters between a client and his to bring documents into court without fear they might be filched by opponents and used in evidence.
In the overlap between the

Calcraft rule and the Ashburton rule, there was a valid distinction between civil proceedings and eriminal proceedings, recegnised by Mr Justice Goff (as b then was) in Butler v Board a Trade (1971 Ch 680).

the State to apprehend and pro-secute criminals.

The judgment in the Goddard case of Lords Justices May and of the scope of previous conflict ing cases. But the clash of legal principles remains and this is

# Glaxo tablet production facility

An advanced pharmaceutical tablet production facility is to be designed and built at Ware in Hertfordshire for Glaxo Operations UK by SHEPHERD CONSTRUCTION and SHEPHERD SERVICES With a floor area of 10,500 sq metres and a separate services ENCINEERING SERVICES building. Shepherd Construction value of the project approaches fil.5m.

To be located within Glaxo's factory complex, the tablet production facility has been designed with capacity to meet Both huildings will have April 1988.

An advanced pharmaceutical demands for the future. The structural steel frames although structural steel frames although the production building will employ an in-situ concrete ground and first floor frame. There will be brickwork up to first floor height with interiorking insulated cladding above this level. All internal finishes to the production building will be to the highest standards demanded by a pharmaceutical production facility. The project is scheduled for completion in April 1988.

# Commons: Private members' motions until 7 pm. Debate on the tin industry. Remaining stegas of the Latest Gamege Bill sed the Education Bill. Lords: Gas Bill (conort). Motor Vahieles (variation of speed Rmire) regulations. Pool Competitions Act 1971. Select Committees: Foreige Affeirs: Current foreige policy issues. Winness: Sir Geoffrey Howe, Foreige Secretary. (Room 15, 3 pm), Treasury and Civil Service: International credit and capital markets. Winnesses: Sir Jersmy Morse, Mr Chaffopher Johnson and Mr Richard O'Erlan (Room 6, 4-48 pm). Foreign Affairs: UK/Boviet: relations. Witnesses: Mr Leonid Zamatin, the Russian Ambassador and Cotonal Gamers! M. Chafroy (Room 35, 5 pm). TUESDAY Commonts: Finance Bill, progress on This week in Parliament

tural structures.

Lords: Wages Bill (report).

Select Committees: Chennel Tunsed Bill: Pattion of East Sussex
and Koet local sutherities
(Westmiserer Hell Greed Committee Room, 10.35 em), Foreign
Affeles: The South Africas situatios.
Withoust Mr Lon Abrahems, vicepresident of the South Africa Foundatios (Room 15, 4.30 pm), Committee
os a Private Bill—British Relivarys
(Stansted) Bill (Room 5, 17 am),

WEDMISSIAY

Commonat Enumetrs debets relative
to supplementary benefits payments
for private and voluntary residential
care for the elderly: estimates on
labour market services.

Lords: Ges Bill (raport), Fireams
(variation of fess) Order 1988, motion
for approvel.

Rill—East Suzsex and Kont local suthority petrions (Gent Committee Room, Westmisster Hall, 10,30 sm). Foreign Affairs: The South Afracan situation. Witness: Mr Denis Healey (Room 8, 10,30 sm). Scottish Affairs: The Jones of the Healey (Room 8, 10,30 sm). Scottish Affairs: The Lang Construction Ltd; AMI Health Cars Ltd (Room 19, 10,30 sm). Trade and Industry; The post office (monitoring legular), Witness: Post Office (Room 15, 10,30 sm). Home Affairs: Rules for the redistribution of seets. Witnesses: Boundary commissions for England and Wales (Room 6, 4,15 pm). Social Services; Primary Health Cars. Witnesses: Boyal College of Narsing (Room 21, 5 cm). Committee on a privare bill—Stritch Ruitwary (Stassed) Bill (Room 5, 10,30 sm). Unspecial Stromborough Dock, Bournamouth-Swanags Mother Roads Färry

(Room 8, 4 pm).

TRUESDAY

Commons: Estimates dointes related to the European Communities. Remonsing stages of the European Communities (Amendment) Bill.

Lords: Public Order Bill. Committee, Dockyard Services Bill, third rusding. Select Committees: Channel Tunnel Bill: Petitions of East Steams and Kent local surhorities (Westminster Hall Grand Committee Room, 10.30 sm). Agriculture: Effects of pesticides on human health. Witmesses: Poistons Reterence Cantre; Occupational Health Service; Advisory Committee to Pasticides (Room 16, 10.45 sm). Committee on a private hill—Biblist Railways (Stansteet) Bill (Room 5, 10.30 am).

PSEDAY

This announcement appears as a matter of record only.



# **Gulf Canada Corporation**

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June 1986

# COUNTY NATWEST GILT-EDGED SECURITIES

# Market Maker in Bulldog Stocks

- County NatWest Gilts will offer a market making service in bulldog stocks to investors from 7 July 1986.
- County NatWest Gilts is already a gilt-edged and fixed interest stockbroker, and will become a primary dealer in the restructured gilts market.
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County NatWest Gilt-Edged Securities Limited 1-2 Finsbury Square, London EC2A 1AA. Telephone 01-628 7799

& The NatWest Investment Bank Group

# Financial Times Monday July 7 1986 **LONDON RECENT ISSUES** EQUITIES

#### FIXEO INTEREST STOCKS

lysse Price	Amosot Paid	Latest Rammer			Stock	Closing	+ or
٤	wp	Date	High	Low		£	_ :
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€99.25b	£30	290	304	27%	Srit. Alcan Akundelem 10% % Deb. 2011,	284	+12
§94.203	25	31/10	25%	23%	Brixton Ect. 9.5% Ist Mort Deb 2026	254	+1
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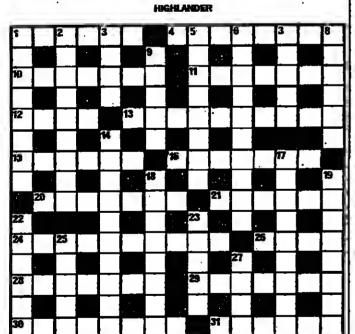
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## F.T. CROSSWORD PUZZLE NO. 6,066



- ACROSS

  1 Pint to get rid of first man to work (6)
  4 Where Uncle makes his puppets dance? (8)
  16 It's turning over refuse nutcide that will made fortune

  2 What leading location is turning over? (9)
  3 Complain about would-be storyteller (4)
  5 With everything included there's nnthing lost (3, 5)
  6 Italian chocolate with ice-cream (10)
- 11 Discovered

- (7) ger for the star (8)
  28 Remaining young generation 19 At end of it they wake up in
- the beginning (10)

  25 Father to the French, wife to the German (4)

  16 Table 10 Tab
- the Germao (4)

  28 Ends io better ministerial cootrol of spending (7)

  29 The number having qualified can be defended (7)

  20 Unexpectedly come upon the ding (4)

  21 Index backing? That's clever (5)

  22 Lady chemist introduced indine into healing process (5)

  23 Not in favour of a tin building (4)
- pass (8) 31 Some old explorers of the
- deep (6) DOWN 1 Grandfather clock? (3-5)

- side that will made fortune
  (7)
  Discovered
  Shakespeare's King Edward
  (7)
  Theorie a small amount in
- (7)
  12 There's a small amount to the Greek character (4)
  13 Iosane reasoo for building engine (10)
  15 Variations in game provide a puzzle (6)
  16 Old, quaint, broken English
  17)
  18 After a poor set there's danger for the star (8)
- lacking? (7)
  21 Works to elimicate the unknown element (6)
  24 locluded unusual piece io the beginning (10)
  25 The blacking (10)
  26 The blacking (10)
  27 On the cards one will accept the cards on the cards of the ca

The solution to last Saturday's prize puzzle will be poblished with names of winners next Saturday.

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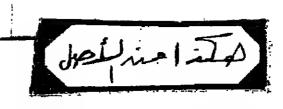
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Description   Progressive Might: UT   Progressive   Prog	Heterass Unit Trust Managers Ltd  30 1 3 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4	0077 714.5 -0.0 0.54 June 3 June 11 11 12 12 12 12 12 12 12 12 12 12 12	01-105 Victoria Rd., Chelmidord, 0245-286286 (hereo July 4 18-0 1 3-25 tecone United 1
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Bridge Fund Miningers (a)(c)   F5   Investment Miningers Ltd   190 West George 90, Glessow   001-332 4462   1	HBI Samoel Unit Tet. Niger.1 (a) NLA Town Achicaveler Raad, Crupton DI-605-4785  All 2 Term Action Street Radio Discourse DI-605-4785  All 2 Samoel Units  Reserver  Action Units  Reserver  Action Units  Reserver  Action Units  Reserver  Action Units  Act		yudali Managers Lidia (b)(e)  6 Carriage Road, Britori  Estation Securitive
Do. Acr. 1. 1944   1744   7.76   1874	60 Gin 6 Furth Int. 276 303 +01.1 4 00 Contributed Mose, Silve Olicital Jacobson 1855 - 473 - 49.4 7.20 Tel: 0762 769982 On Hope Yant 7 st	pp UT Mingrs. Ltd 7	Count   County   Co
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UN 6-most 1927 17.3 -0.2 17.5 Service Service 17.2 12.1 27.3 -0.3 0.5 18.5 18.5 17.5 17.5 18.5 18.5 18.5 18.5 18.5 18.5 18.5 18	18  lac Ples Til	9/1 3062 -0/6 3.56 Special Set. 1022 1072 0.47 1572 274 0.48 0.5 10 14 days burbs 1050 113 1 -0.1 0.9 4 1751 2743 0.5 10 14 days burbs 1050 113 1 -0.1 0.9 4 1751 274 0.5 12 0.24 18 15 54.4 0.01 371 14 days until 131 12 14 0.24 18 18 18 18 18 18 18 18 18 18 18 18 18	Count Units   10.7   10.3   10
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177   1.00   1	Richmont Benson Unit Managers   Gold Free Metal   D.	43 37.2 +0.1 150 Emperi	repen Growth
1.5   1.5	### ### ### ### ### ### ### ### ### ##	80 625 — 4-9 10 64 4 110 4927 — 1-7 283 28 St Andrew St, Einsburgs 031-556 9101 W 120 499 3 — 21 283 28 St Andrew St, Einsburgs 031-556 9101 W 120 499 3 — 21 283 281 281 281 281 281 281 281 281 281 281	it Trust Account & Mignet Ltd. Copthell Avenue, London, EC20 7PA 01-588 6064.
American Income	## Ban Propert Act	Pers Ltd	Hobort Vadud, London ECLA 2EU 01-236 3053
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24		Financial Times Monday July 7 1986  Provident Mulual Life Assa. Assa. Sale & Prosper Crosp.  Provident Mulual Life Assa. Assa. Sale Sale Sale Sale Sale Sale Sale Sale
Wardley Unit Trust Managers Ltd (a)   Camero Assurance Ltd Centilined   Wardley House 7 Decimine Sq. EC2   01-929 1532   Inc.   112-0   115-1   115-	AUTHORISED UNIT TRUSTS & INSURANCES	William his hardwin hard a see
100   100	Eagle Star Insur/Midland Assar.  Henderson Administration [2]  1 Threadneeds St. London EC2  O1.588 1212  O1.	Depart   Factor   170 max   170 ma
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Carellà & Caril 14 . 149 1 52 9 -0 11 751 City of Westminster Assurance Envirol Incid. 125 552 -0 2 4 95 Incare Fred. 155 6 59 2 -0 2 4 95 Wright Seligman Fund Managers Ltd Careat Series 11 Buenfert St. London ECCM 7AY 0 15880592	Process	International   200   201
Growth Fano	Fined interest Fined	California 20
Proces Equity Find   243   258.2   -1.2   PR Find   1/2 2   1/3 0   1/3 0   Pr other mices before 0/005 6061014600000  INSURANCES  Clerical Medical/Fidelity International Narrow Place, Bristol 832 0.0H   0277 29056  AA Friendly Subjecty   Investment Funds   1/35   -0.01   Investment Funds   1/35   1/35   -0	Inst. Per   Majorial   120	Transpare Described   1415   154.5
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Minory Action   171   181   0   0   1   Proprietal Europeants   109   175   0   187	Pen Birth Agents   1710   177   17	200   Salare   200   40 7   00   North Enteroun Fig   1220   1928   -031
Japan & Gern Accum   Col.   200 8   40.5   Printed Mind Case   Fe 17   57.5   Enterior Mind Case   Fe 17   57.5   Fe 18   Fe	Per Frankington — 194.2 109 8	Control   Cont
Equaty Acc.   1906   460 cl   -16 l   170 s   -0.1	Gresham Unit Assertance Ltd  De Access 1904 100 1100 1100 1100 1100 1100 1100	Hoph Indigner
Balancer   Fq	Hugh Verd Peri Fd   218.6   20.1	Ind Environce Co.   95.8   100.9   9.8.3   Continuity Stures.   194.4   25.9   -0.3   Environce Co.   195.8   100.9   40.6   100.9   40.6   100.9   40.6   100.9   40.6   100.9   40.7   100.0   40.7   100.0   40.7   100.0   40.7   100.0   40.7   100.0   40.7   100.0   40.7   100.0   40.7   100.0   40.7   100.0   40.7   100.0   40.7   100.0   40.7   100.0   40.7   100.0   40.7   100.0   40.7   100.0   40.7   100.0   40.7   40
Linear Construct Turn   127 64   33.6 47	Internet Fax   1987   378.0   40.4   Legal & General Prap. Fd. Mays. Ltd   Prin. Act. test   125   1905   -20   Gits Prin. Fd. Car.   1873   40.9   186 Growth Ed.   1994   78.0   41.0   11.	Integer   100 of
Market   1	G & S. Sener Fd	10   10   10   10   10   10   10   10
Control   Cont	Control Cute Assertance Late   Control Assertance	September   19   19   19   19   19   10   10
Foregrand Person   1904   7   12   4   13   13   14   14   15   15   16   16   16   16   16   16	Do Account   411.8   413.5   413.7   -0.7	
Control   Cont		Depart April of the Control Bit   1417   1118   118   1
Marting   Mart	Description   1971   1972   1973   1974	Manager   American   Manager   Man
2nd Serves Late Accumplation   10 to	Pear Dev Indian   121   1828	Constant Prop. Fo Act. [5] 2 [5] 1   June   1/4   1018   Sandari registratu, 1921   4/50   0   10-16   10-24   10-74   4/5   10-74   1
		147 128 +03
P 3-	Jest no lila	<u> </u>

26		Financial Times Monday July 7 1986  ENGINEERING—Continued INDUSTRIALS—Continued
BRITISH FUNDS	BUILDING, TIMBER, ROADS—Cont ORAPERY & STORES—Cont.	Dendemb   Stock   Price   at   Net   C'er Er's PE
10 Aug   10 Feb Treat   10 Level 1   10 m and 1   10 m	Dividents   Last, Div.   Y16    Paid   Stack   Price at Met   Cyr   Gr's PE     Jan	Property
10Nov 10May Each 10°ger '88 1021914 1024 897 140cc 141er (rest 9lat Cu'88 501485 9 43 901 140cc 141er (rest 9lat Cu'88 501485 9 43 901 140cc 141er (rest 9lat Cu'88 501485 9 43 901 140cc 141er (rest 9lat Cu'88 501485 9 322 667 25 0cc 14cc 9 9cc 188 1091 193 1 942 907 120 141 227 141 247 141 24	Sept.   Apr   Country side Props   482   10 2   75 74   51   18   11 6     Oct.   April   Cross   10 1 20   150   10.3   5.9   12   5.6   10.7     Sept.   Mary   George   250   9 2 2   6.0   12   86   1.9     October   Douglas   Robit   MI   130   10 2   11.75   2.6   1.9023     April   Ten Group   59   3.6   62.0   0.4   3.6     October   Douglas   Robit   MI   130   10 2   11.75   2.6   1.9023     October   Douglas   Robit   MI   130   10 2   11.75   2.6   1.9023     April   Ten Group   59   3.6   62.0   0.7   2.0   3.6     October   Douglas   Robit   MI   130   10 2   1.75   2.6   1.9023     October   Douglas   Robit   MI   130   10 2   1.75   2.6   1.9023     October   Douglas   Robit   MI   1.5   1.5   1.5   1.5     October   Douglas   Robit   MI   1.5   1.5   1.5     October   Douglas   Robit   MI   1.5   1.5     October   Douglas   Robit   MI   1.5   1.5     October   Douglas   Robit   MI   1.5     October   Douglas   MI   1.5     October   Douglas   Robit   MI   1.5     October   Douglas   MI   1.5     October   Douglas   MI   1.5     O	Lat
Feb   Angle Act   10c   1989   105   202   10 40   90   105   202   10 40   90   105   202   10 40   90   105   202   10 40   90   105   202   10 40   90   105   202   10 40   90   105   202   203	Dec   Jamel Feb   Intl.   100   20   1.78   2.81   July   Dec Ward Winter   338   26   6.5   3.3   2.7   1.8   2.8   July   Dec Ward Winter   338   26   6.5   2.8   2	Lat
Short   Shart   Feet   Shart   Feet   Shart	Dec	Survey   Dec   D
25Apr   25Qr(15 are 1 lips 1 log 1	Wind Amot Con	Dec.   Apr Self Indiana   60   102   102   39   0   0   0   0   0   0   0   0   0
15Mar   15 sept metron (sec 1993);   22 s   3 s   2 s   3 s   2 s   3 s   2 s   3 s   2 s   3 s   2 s   3 s   3 s   2 s   3 s   3 s   2 s   3 s   3 s   2 s   3	Do Stor   Internation   130   100   150	May   Marriana received   May   Ma
158459   158450   15845   15	Nov   Ray Randers   Hitight   283   144   8.1   2.1   40.6.5   10.6	Dictionates Group
20   20   20   20   20   20   20   20	Mary   Remarked   11.   390   12.5   11.0 4.4   1.810.0     Mary   Fe-Mortingham Brick   15:8130.6   6.5 2.0   4.714.1     April   Oct   Percentage   10.   225   1.4   5.25.34   3.912.4     April   Oct   Percentage   10.   225   1.4   5.25.34   3.912.4     Feb.   Oct   Percentage   10.   225   1.4   5.25.34   3.912.4     Mary   Mary   Carbone   10.   225   1.4   5.25.34   3.912.4     Mary   Mary   Carbone   10.   249.1     April   Percentage   1.811.5	Last   July   Do W   Sp   271-16.6   1.3   1.8   6.5   9.8     Apr   Octival Hubbros   392   10.2   47.7   36   28.15.4     Octival Hubbros   42.1   47.1   47.7   47.1     Octival Hubbros   47.7   47.1   47.7     Octival Hubbros   47.7
19No 19May Trans   10-ye 1994   1995   14   4   55   1995   14   4   55   199	May   Decl-Manney   90   164   65.25 12   8.214.1   February   McCrest 100   97   131   1.05 75   15 10.1     Jan   Dec Recland   Wernes   2379   1   1.55 0.2   3611.3   Dec     Recland   Wernes   2379   1   1.55 0.2   3611.3   Dec     July   Dec Roberts Apland   240   2.5   47.0   1.8   4119.5     July   Mar   Markhosterool   383 144   864 3.7   4.010.8   Feb     July   Markhosterool   383 144   6411.3   5310.4   541.0     July   Markhosterool   370   24   6411.3   5310.4     July   Markhosterool   370   370   370   370   370   370     July   Markhosterool   370   37	May No Mothers   123   144   170   124
22.hat   2	Nov   Mary Sharpe & Fisher   124   1.4   2.33 2.81 2.61 19.4	Law   Judy   On Dispositive Peri   342   16 6   07   9"   - 23"   32"   34"
18 Adv 18 Octioner-non 9(pc 2005 . 1 104/s/12.3 9 11 9 902   Ap. Jr. Ox. JBBCE 11 1 52 36 6 62   18 Ap. Jr. Ox. JBBCE 11 1 52 36 6 62   18 Ap. Jr. Ox. JBBCE 12 1 10 10 10 10 10 10 10 10 10 10 10 10 1	Mar. Oct   Trent   Holdenty   100   77   306   109   60   199   92     June   Jure   Trent   Corp	Oct   May/Roork 100
25Mar   25SecTress 8pc 2009   (250nd)	Western 100   163	5 Aug Jan. Stawley Into. L1. 605 (66) 17) 24: 4137 Aug. Nov-3DCE 59 280 (24.2: m1.95.1: 88.34.9  3 Mar. Sent. I ACE 100. 500 (10.2: 6.55: 28. 1.9.23.4  May Oct. I Group 11. 501 (10.2: 6.55: 28. 1.9.23.4  May Oct. I Group 11. 503 (10.2: 6.55: 28. 1.9.23.4  May Oct. I Group 11. 503 (10.2: 6.55: 28. 1.9.23.4  May Oct. I Group 11. 503 (10.2: 6.55: 28. 1.9.23.4  May Oct. I Group 11. 503 (10.2: 6.55: 28. 1.9.23.4  May Oct. I Group 11. 503 (10.2: 6.55: 28. 1.9.23.4  May Oct. I Group 11. 503 (10.2: 6.55: 28. 1.9.23.4  May Oct. I Group 11. 503 (10.2: 6.55: 28. 1.9.23.4  May Oct. I Group 12. 503 (10.2: 6.55: 28. 1.9.23.4  May Oct. I Group 13. 5
13 No. JW DECOMBON 2/20E 2011 W 2.0 0/2 "   WIGH LOND HOS 7208 ( ** ' )	Ser	May   Dec Tyrzick Twith   28   14   \$13.2/2.3   \$878.77   \$40.   Non-Deploran 50   237   12.5   \$25.88   \$31.48   \$14.00   \$14.12   \$19   \$6.111.8   \$50.   Non-Deploran 50   237   12.5   \$25.88   \$31.48   \$17.19   \$14.12   \$19.11.8   \$10.   \$10.004.306   \$21.5   \$7.213.2   \$13.00   \$10.004.306
16 Mar   16 Sep   Do. 20: "06   126 T 9    220 1/7 2   3.31   3.65     24 Mary   24 Sep   Do. 2 Ipc "10   1306 81   1305   17   104   14 4   3.37   3.65     24 Mary   24 Sep   Do. 2 Ipc "10   1306 81   130 7   104   14 4   3.37   3.65     24 Mary   24 Sep   Do. 2 Ipc "10   130 7   104   14 4   3.37   3.65     24 Mary   24 Sep   Do. 2 Ipc "10   130 7   104   14 4   3.37   3.65     24 Mary   24 Sep   Do. 2 Ipc "10   130 7   106 Ipc   12 6   3.44   3.54     25 Mary   25 Ma	Author   Bayer 4G DM 50   2004/20 6 v0207*	April Oct Un 100 University   100   1873
Prospective real redentition rate on projected inflation of [11 10% and log   24   25   25   25   25   25   25   25	Oo. Deld 100   127   14   112.0   15   60   14   14   14   15   15   15   15   15	Section   Sect
4 Jan 4 Jan 4 Jan 1 Jan	May   October Month	Apr
31. Jun 31. Jufffffyca 10 Juc( Jr 2009 92/3/21 11 62 11 69 13 31 Jufffffyca 10 Juc( Jr 2016 1981 1982 1981 1981 1982 1981 1982 19	Non-mber   Morte  R H   ID   40   I4   I5   13   13   13   13   13   14   14   15   15	Apr.   Oct.
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Lia Apr Ju Octurerpool 31.pc. irred   S2 26 10 94   Illust 110ecl Ct 5150 87   971-225 566 873   Illust 110b Do Bage 88 90   973-110b 7 25 882   Illust 110b Do Bage 80 90   973-110b 7 25 882   Illust 10 b Do Bage 20 Apr 301-112   99 9 9   Illust 10 00 9 90   Illust 10 00 90	DRAPERY AND STORES	Jan   July   Feb   1.75   1.75   289   M2.25   38   2.3   2.623   June   July
Teb   Tamp to diggs 87 02 A rea   76   71   5 02   10 00   15 Apr   15 Oct   2 A rea   76   71   5 02   10 00   15 Apr   15 Oct   2 A rea   76   71   5 02   10 00   15 Apr   15 Oct   2 A rea   10 Oct   21 3 1 1 1 3 1 1 3 1 1 3 1 1 3 1 1 3 1 1 3 1 1 3 1	- Ashley (Lana) 50 . 224 125 \$1.89 2.7 1234 0  Jan Otal-Asprey	Agr   Deciminates 100
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Channel 4 Stock   E   xd   Grass   Vield   Feb   Aug   Stock   Feb   Aug   Feb   Greene 4 Windley   186   2.6   M 55   2.7   4.2   129   1.5	May   Nor-Veabcot 50   146   144   12.8 2.5   2.7   21.0	Agr Oct (implie: 305 10.2: 9.712.1 4.6)14.9 Oct Agr Unbright Nation 1 Natio
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## ## ## ## ## ## ## ## ## ## ## ## ##	October   April   October   Octo	Maje   Oct AAR   250   10.3   16.79   22   3.7   17.0     Maje   Oct AAR   48.825   1184   215   v016** 0   20.0     Apr   D.JAGB Revarch 10p   215   27.1   165.1   2 4 3.04     Oct   Acc Aris 10n   212   14   80.3   51.88     Maje   Nove ASSD 11   212   14   80.3   51.88     Maje   Nove ASSD 12   22.2   14   80.3   51.88     Maje   Nove ASSD 12   23.2   24.0   24.0   40.0     Maje   Nove ASSD 12   23.2   24.0   24.0     Maje   Nove ASSD 12   23.2   24.0   24.0     Maje   Nove ASSD 12   23.2   24.0   24.0     Maje   Nove ASSD 12   23.2   24.0     Maje   Nove ASSD 13   24.0     Maje   Nove ASSD 14   24.0   24.0     Maje   Nove ASSD 15   25.0     Maje   Nove ASSD 16   23.0     Maje   Nove ASSD 17   24.0     Maje   Nove ASSD 17   24.0     Maje   Nove ASSD 18     Maje   Nove ASSD 1
F. Mr. An N.Bromanich 25, 224 - Sec. 13 Urt. July Bare Univert. 640 125 - 210-27 - 46-40 1 July Bare Univert. 640 1 July	Jun   July   J	Nov   41-1-1-2-2-2-2-2-2-2-2-2-2-2-2-2-2-2-2-2
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Financial Times Monday July 7 1986 27 INDUSTRIALS—Continued LEISURE—Continued INVESTMENT TRUSTS-Cont. PROPERTY---Continued FINANCE, LAND—Cont. MINES—Continued Stock Price at Not Carles PE Dividends Last On YM
Pand Slock Price of Net C'yr Gr's PE Lasi Die Y'ng Price as Net C'er Gr's P.E. Laci Do Y'id Directerals. Price s4 Mel C'er Er's Paul Price all Net C'w Gr's Pric | Pack | Stack | Pack | Siamond and Platinum | Justical Plant | Just | Section | Sect 75 | 10.3 | 07.5c| 4.4 | 2.6 | 550 | 2.6 | 0.200 | 1.5 | 11.4 | 645a\*30.6 | 0.180c| 2.0 | 6.9 | 0.5 | 1.4 | 0.1450, 1.1 | 10.8 | 0.4 | 0.5 | 0.4 | 0.5 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 Finance Feb. Jan. June Nov. Australians WARLES OF MILES OF WARLES 9 95x - 25 9 95x - 25 100c - 3.7 1016d 22 41 015d 20 73 October
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Pengkalen 109 5 140 10.3 | \(\colon 0.155c\) | 1.5 | 28.6 | \(\colon 0.155c\) | 1.5 | 28.6 | \(\colon 0.155c\) | 1.5 | 28.6 | \(\colon 0.155c\) | 1.5 | \(\colon 0.15c\) | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 136 10.3 | 50.2 | 4 | 0.2 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1 75 (723) 76 (731) v060d 0.2 17.2 105 (12.8 190436 - 1 105 (681 190436 - 1 85 (12.5 v045d 0.0 13.7 Miscellaneous Anglo-Dommun 
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1 "Tap Stock".

1 "Highs and Lines marked thus have been adjusted to allow for rights based for copic linterium since interested; passed or befored.

2 Interium since interested, passed or befored.

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4 Tap-Title to mon-especiates in application.

5 Figures or report awaited.

6 Not officiably this fixed, dealings ostimitted under Rule \$35(4)(a).

6 USBN, not histed to Stock Exchange and company not subjected to same degree of regulation as is laced scarmes.

10 Deak in under Rule \$35(a).

11 Deak in under Rule \$35(a).

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Sest./Yeonan ton. Mar Nover Feb. Apr. Ccl. Oct July July Aug. Feb Apr. Finance, Land, etc Price AS Net CW Grs P/E MINES Dividends | Stock Central Rand g. Feb.Most Rand Pers R1 ... 324 2312 0100; 3.3 8.1 ... 27 8.4 ... | LEISURE | | October | 54 & M Group 10p | 12 | 297 | O 4 | 22 | 47 | 11 | 1 | 10n | July A-R TV Pref. (1) | 60 d 10 6 | 7.1 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 12.6 | 0 | 1 **REGIONAL & IRISH STOCKS** The laborating it a selection of Regions and Instruments, the latter being upon if he had arrend Fm. 13% 97 02...... \$1227 Far Wes

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Seur Elemen gud Gld 20c.
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Aug. Harletern 1 De.
Aug. Happ Gold R0 25c. ...
Aug. Lebanon R1
Mar Southeau S0c.
Feb Stifformen S0c
Seur Wass Reen's S0c.
Aug. Verstern S0cl R1
Sept Western S0c R1
Seur Western Beg R2
Aug. Zuedjon 10c.

Aug. Lebanon R1
Seur Western Decp R2
Aug. Zuedjon 10c. Far West America 325 +8
CPI Hlogs 43
Carrol Inds 145d +15
Debin Gas 53
Hall IR & H I 72
Hrigh Hing 30 (RISH Fund (U.S. 1988 - £1835 Naj 95° 684 89 - £101° i: "Recent Issues" and "Rights" Page 31 (International Edition Page 23) This service is available to every Company dealt to on Stock Exchanges throughout the United Kingdom for a fee of £875 per annum for each security.

The second secon

**Summary of Results** 

GROUP TURNOVER

**Divisional Profits** 

Motor Distribution

Leisure & Holidays Fuel Distribution

Computer Services

Profit Before Tax

**Deduct Parent Company Interest** 

and Expenses less other income

(non-voting) Ordinary Share of 25p

(non-voting) Ordinary Shares of 25p

Nettangible assets per Ordinary and 'A' (non-voting) Ordinary Share of 25p

Total Dividend for Ordinary and 'A'

The Royal Bank of Canada.

Toronto, Canada M5J 2J5

The Royal Bank of Canada, . . .

12004 Geneva, Switzerland

The Royal Bank of Canada,

6000 Frankfurt am Main, Federal Rapublic of Germany

Bockenhoimer Landstrasse 61,

Royal Bank Plaza.

Rue Diday 6.

Authorised £500,000 £670,000

Eamings per ordinary and 'A'

BARR AND WALLACE

ARNOLD TRUST PLC

Results for 1985

NOTICE OF REDEMPTION

**HUDSON'S BAY COMPANY** 

17% Notes due 1989

NOTICE IS HEREBY GIVEN that Hudson's Bay Company intands to redeam and heraby calls for

redamption on August 7, 1986 ell of its 17% Notes dua 1989, of which Cdn.\$40,000,000 are outstanding at the data hereof, at the redemption price of 101½% of the principal amount (Cdn.\$1.015.00 per Nota) togother with accrued interest from May 1, 1986 to, but excluding.

August 7, 1986 (Cdn.\$45.3333 per Note), for a total redamption price of Cdn.\$1060.3333 per Note, Payment of the radamption price of will be made upon presentment and surrender of the

Notes and all unmaturad coupons pertaining thereto at any of the following paying agencies.

Orion Royal Bank Limited

1 London Wall, London EC2Y 5JX, England

The amount of any missing unmatured coupon (Cdn.\$170.00) will be deducted from the redemption price. Interest will cease to occrue on the Notes from and after August 7, 1986.

This advertisement is issued in compliance with the regulations of the Council of The Stock Exchange for the grant of permission to deal in the Ordinary Shares of 5p each of the Company in the Unlisted Securities Market. It is emphasised that no application has been made for these securities to be admitted to listing.

The Shield Group plc

(Incorporated in England under the Companies Acts 1948 to 1981 No. 1728953) Share Capital

in Ordinary Shares of Sp each in 7% Cumulative Redeemable Preference Shares of £1 each

**Placing by Capel-Cure Myers** 

1.200,000 Ordinary Shares of 5p each at 72p per share

A proportion of the Shares has been offered to the market and may be evailable to the public through the market during business hours today.

The Group is engaged in the development of quality residential properties in North London. Its activities include the identification and purchase of suitable properties, project design, obtaining planning permissions and the marketing and sale of properties either before or after carrying out building works. Development projects may involve the conversion of houses into self-contained residential units, the refurbishment of residential units, the acquisition of houses and plots of land for rebuilding and/or resale and, recently, the construction of new residential

Full particulars of the Company are evailable through the Extel Unlisted Securities Market Service. Copies of the Prospectus and of Extel Cards can be obtained until 21st July 1986 from:

Capel-Cure Myers, 65 Helbern Viaduci

A Member of the AZZE Group of Companie

€,000

1,802 (486) 207

1,523

515

1,008

13.60

7.0p

166

The Royal Bank of Canada

The Royal Bank of Canada.

8-1000 Brussels, Belgium

Issued and to be issued fully paid £400,000

7th July 1986.

(France) S.A.,

75440 Paris, France

(Belgium) S.A.,

Banque General du Luxembourg S.A.,

14 Ruo Aldringan, Luxembourg Villo,

Luxembourg

Rue do Ligne 1,

187.30

€,000

1.596 (180) 177

1,735

1,305

18.5p

7.0p

213

183.9p

430

120,464

# **APPOINTMENTS**

# Glaxo research executive

for research in the Squibb Insti-tute for Medical Research in Princeton, New Jersey. Prior to from Yarrow where joining that company in 1977, managing director. British-born Dr Sykes was senior sciontist with Glaxo at Greenford.

Mr Frank Alian has been appointed to the board of ASDA STORES as distribution director. Ho was distribution director on Ho was distribution director on the Tesco stores board. Appointed to Asda's trading board are Mr Brian Milburn, divisional director, household and leisure (fram Debenhams); and Mr John Styles, divisional director, operations services, proposed from associated director. noted from associate director,

an executive director. He was a senior manager. Mr Joe Mounsey has been appointed vice president and general manager for the UK for THE MANUFACTURERS LIFE

Dr Richard B. Sykes has been appointed deputy chief executive tific and chairman of YARD, the of Glaxo Group Research, subsidiary of Yarrow, which recently became part of CAP continue as chairman and chief executive director. He will also continue as chairman and chief executive of Jardine (Lloyd's Underwriting Agents), Mr David Michael where he was a man of Jardine Thompson wick, Mitchell, where he was a senior manager. Mr Fryer joins from Yarrow where ho was group managing director.

Corben as been diplometed man of Jardine Thompson Graham in addition to his present role as chief executive. Mr Corben is o main board director. tor of Jardine Insurance Brokers Group and Matheson & Co.

Mr G. Doughs Fairservice has been appointed to the board of CANDOVER INVESTMENTS as Mr Chris Rees has joined TOUCHE ROSS ASSOCIATES as a partner. He was with Logica, where he was managing director of the software product group developing and installing datahaso management systems.

THE MANUFACTURERS LIFE
INSURANCE GROUP. Ho was
vice president and depnty
general manager for the UK,
and succeeds Mr Jim Robertson
who is retiring to return to
Canada.

Mr Tony Brayford, tormetry
an assistant director of Brixton
Estates, has been appointed
managing director of WIGGINS
PROPERTIES, property development division of Wiggins Group.

Joining the main board of Mr Ben Lyon, chairman of Mr Malcolm Field, managing CAP GROUP are: Mr J. A. R. Lloyd's reinsurance brokers director of W. H. Smith (Hold-Chisholm, Mr P. P. C. Gregory JARDINE THOMPSON ings) bas become chairman of and Mr W. H. Fryer. Mr Chis-GRAHAM, has retired from the NAAFL

# Divisional post at Bayer UK

M. W. Bosworth. Mr Fowter INDEMNITY, e new London-has been vice-chairman of British based company within the has been vice-chairman of British based company within the Railways Board since 1981 with Stewart Wrightson Group.

Mr Dieter Looishen bas been appointed chief executive of the Bayer UR agrochem division. Previously managing director of the crop pratection division of Bayer Tarim, Istanbul, be succeeds Mr Kurt Bachem, who bas retired.

\*\*

BRITISH RAILWAYS BOARD has appointed Mr Derek Fowler as chairman of BR Ponsion Trustees in succession to Mr J. WRIGHTSON PROFESSIONAL Mr Sesworth. Mr Fowter INDEMNITY, e new London-

STOY HAYWARD has ap-pointed three partners, Mr Simon Bax, Mr Danny Foran and Mr Jeremy Newman.

COMPANY METINGS— stacts Mortpage 7st, 26 Lockyer S. Hymourit. 10.00 BOARO WLETINGS— Carcio Eng Carcio Eng Electronic Rentals Electronic Rentals

IVIDENO & INTEREST PAYMENTS-

Corp 6.25 cts The 1.65 cts Challengs 15pcpf 17.5 cts

crattan 48 Interess Post Gross 0.59 Latitas Bidg Soc Fits Rate La Nes 1992 £138.68 Signature of the second of the

property rings; Invas 13 1936
Queens Mont Houses 7pcPt 3.5p
Richards (Lekester) 2p
Richards (Lekester) 2p
Richards (Rubber Ests Barhad 12 sen
San Alliance and London lus 11.75p
Troptal Gra 2.5p
Tray 19
Wather G. 10.3 a
Warner Estats Hidgs 7.5a
Wather G. 0.3 a
Warner Estats Hidgs 7.5a
Wather G. 0.3 a
Warner Estats Hidgs 7.5a
COMPANY MEETINGS—
Goldberg Atl., Hospitality Inc., Cambri
St. Glasgow. 10.00 | Irontopopers' P.
Heederson Grass. Barbierseet' 12.0

12.00
Wedgenood, 34 Wignard St, W. 17.30
Young and Company's Bitwary, Grosses
Nouse Hotel, Part Lane, W. 1.00
BOARD MEETINGS—

tricks Building and Eng App Joming Printing Sciences

Graness
OIVIDEND & INTEREST PAYMENTS—
Brickheuse Dudley 2.85p
Land Securities 6.3
Lignor References Gld £/5 Fing Rate
Nt 1890 12 Mayor
National Basic of Canada Fitty Rate Nts
1891 \$205.87
Nationwide Bldgs Soc Fitty Raie Nts
1993 \$205.87 ST Tile and Gatesbend Water 4-2pc 2-1p. 7pc Max Coms 3-5p. 4-5pc Come 2-45p. 4-5pc Max Z-45p. Cone 7-175p. 2-45pc Perp Pf

1.22bc Pt 1.75p. 2.45pc Perp P Northern American Tri 1.4p R8C intril loc Fd Pti Red Pf 4B cts Reich and Tompolas Grp 8.25p Standard Chertered Fin Gtd Fitty Rsta Nts 1594 3414.75 Warringson (Thumas) 18 Young 34d Company 2 Grewery A 4p. NVts 4d

Cabebread, Rober, 316-325 Southbury Rd, Enhald, Middle, 10:00 Continuous Stationers, Gr Eastern Notel, Derivers Stationers, Gr Eastern Notel, Victoria Stationers, ST Richards House, Victoria Stationers, Enotwich, Words, 12:30 Electra Instal 13, Electra Nouse, Tamale Placs, WC, 12:00 Namerer Instal, 21 Manchaster Sq. W. 10:30 Hynderson Administration Henderson Administration, 28 Flagbur

## WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based mainly on last year's timetable.

BOARD MEETINGS-

COMPANY METINGSAthirs Brox (Mosley), Old Cottages,
Lower Bord St. Hinckley, 12.00
Brows (M) Invite, Portland Hotal, Man-

Chestericid Proces. Avery House, 1 Avery Row, W, 11.00 Country See New Town Prope Wester House, 41 %-422 Strend, WC, 72.00 Floring For Escheric Forman See 12.00 Floring For Escheric Forman See 12.00 Floring Forman Fred Crossedd, Beltre Enchange, 14-20 St Mary Ane, EG, 11.15 Jermya Inst., Walter House, 418-422 Strand Textile, Faraway Hotel, Londs, Siedall (William), Granville Hotel, Cambridge, 12.16
Yorkiyde, Moorbrok Mills, New Mill, Hoddersfield, 11.20 bridge, 12-15
orkings, Moorbrok Mills, New Mill,
Hoddersheid, 11-30
BOARO MEETINGS—

Dully Mall and Gen 15t
Esertio Te
Esertio Te
Familia Far East luvet Te
Jersey Electricity
Tribure Ints 13t
Olylean B Interest Payments
Basix Corp 3 cts

Bridgend Grp 0.359
Brillich and Commonwealth Shipping 2.59
Brillich and Commonwealth Shipping 2.59
Brillich and Commonwealth Shipping 2.59
Brillich Brillich 2.59
Brillich

Treasury 1Theor 1991 State
Yorkiyde 4.25p
FROAY JULY 11
COMPANY MEETINGS—
Abertoyte Hides St Like's House 19
The Green, Richmond, Survey, 12.15
Buckley's Brewbry, Mermald Hotel,
Buckley's Brewbry, Mermald
Hithward Brown, Missor House Hotel,
Avenue 2d, Leanniston Sne, 12.30
Obborne 2nd Lirde, Waiderf Hotel,
Addalded House, London Bridge,
Aldwyth, WC. 17.D0
PWS Int. Addalded House, London Bridge,
Teco, Marchant Taylors' Hall, 30 Threadneedle St. EC. 3.00
(EI, City of Landon Club, 19 Old Broad
St. EC. 12.00
BOARO MEETINGS—
Inneed

July 13
July 14
July 1

Home Federal Savinus and Loan Assect 5 cts
5 cts
Seminar on the ceuse and effects
12.57500
1145043 1999 5 tec
1145043 Assertation Bank 14.5 cts
Obspress and Little Zp
August 13 Obborne Rnd Little 3.2p. A 3.2p. Partiand Toutile 3.2p. A 3.2p. Radio Clyde 1.25p Radio Clyde 1.25p Reabrook Hidgs 1.7e 5.2p. Reabrook Hidgs 1.7e 5.2p. Schlumberder 30 to 0.853p Schlumberder 30 to 5.2p. Sindall (William) 90 Sectin Automotive and Eng Pr

Dewherst
Otylopho & Interest PayMents—
Calse Centrals de Co-operation Ecos
12'epcLR 2913 (Res) Stept

Financial Times Monday July 7 1986

August 5-10

August 7-10

215206)

# BUSINESSMAN'S DIARY

## UK TRADE FAIRS AND EXHIBITIONS

International Satollita and Cable TV Exhibition and Conforence— CABLE (01-868 4466) Met. Exhn. Hall, Brighton Education, Training and Porson-nel Development Exhibition and

Conference (01-637 2400) NEC Birmingham International Water Exhibition and Conference — WORLD WATER (0923 778311) Olympia July 15-17 Systems for the City Exhibition (01-868 4466) Barblean Centre

July 16-18
PC User Show and Conference (01-608 1161)
Olympia July 26-24 Gift Trade Fair (0282 867153) Harrogate Exhibition Centre

July 24-2? Acorn Computer User Christmas Show (01-349 4667) Barbican Ceutre

July 29-August 3
Brilish Music Fair — MAKING
MUSIC (01-385 1200) Olympia
July 31-August 3
National Fitness and Heatth
Exhibition — PHYSICAL (0273
206722) Kensington Exba, Centre

#### OVERSEAS TRADE FAIRS

July 7-11 International Powder Metallurgy Exhibition and Conference (01-July 21-24

August 17-23 City Planning Exhibition (021-705 6707) Kismen

Angust 29-23
Coffice Technology and Computer (021-455 9600)
Exhibition (01-486 1951)
Knala Lumpur
Angust 22-31
International Trade Fair (Con(01-868 4567)

Exhibition
Guangzhon

Collectors Fair for Antiques and Memorabilia (021-780 4171) NEC Birmingham August 17-19 International Craft and Hobby Fair (04252 72711) Wembley Conference Centre Angust 31-September 2 International Jewellery Exhibi-tion (0935 20721) Barbican Centre

August 5-10
Women's World Exhibition (0272
Bristel

September 1-5 Castings and Forgings Exhibi-tion; Furnaces Exhibition; Inter-national Foundry Exhibition; national Foundry Exhibition;
Metallurgical Plant Exhibition;
Metalworking International Exhibition (0737 68611). International Motatcutting Machine
Tools Exhibition (01402 6871).
Subcontracting Exhibition, including Surface Treatment and
Finishing (01488 1951)
NEC, Birmingham

Vacancies to systems and infor-mation technology—VISIT 76 (01-840 7117) Hotel InterContinental, W1

International Laboratory Equip-ment Exhibition — LABEX (021-705 6707 Sydney

705 670r)
August 20-23
Office Technology and Computer
Exhibition (01-486 1951)
Kuala Lumpur

sumor goods—INT SKANE-MASSAN (01-486 1951) Malmo August 26-28 Finnish Fashion Fair (01-486 1951) Heisinki 1951)
August 31-September 6
International Autumn Fair (01-Leipzig 240 7013) September 10-14 September 18-14
International Autumn Fair (01977 4551)
September 17-24
International Engineering Fair
(021-455 9600)
Erao

The Robens Institute: Hazards in water—a national seminar to dis-cuss the implications for buman health of contaminents of the

water cycle University of Surrey, Guildford

September 4-5
Euromoney Conferences: Euro-bonds '86 New opportunities lo creative markets (01.236 3288) Grosvenor House, W1

Institute for Personnel Management: Porsonnel statistics (01-946 9100) Embassy Hotel, W2 Frost and Sullivan: Introduction to OSI and its support for message handling systems (01-936 4433) Report For Hetal

935 4433) Regent Crest Hotel

SFS: Stress (01-736 0134)
The Royal Garden Hotel, W8

GDI International Conferences: Intelligent buildings (Zurich 01

September 8-10

September 11

September 15-16

724 0020)

#### BUSINESS AND MANAGEMENT CONFERENCES

City Financial Conferences: The 1986 Insurance Information Ex-chango (01-242 5275) chango (01-242 5275)
Connaught Rooms, WC2
The Institute of Petroleum:
Introduction to petroleum economics (01-636 1004)
61 New Cavendish Street, W1

July 8-9 July 8-9 Crown Eagle: Defence contract management end negotiation (01-242 4111) The Tower Hotel, E1 July 9-11 HS Conferences: Three days of theft, frand and negligence (01-935 2382) Cafe Royal, W1

July 10 The Royal Institute of Inter-national Affairs: China's seventh Five Year Plan: an assessment (01-930 2233) Chatham House, 5W1

University of Cambridge: Water privatisation (0223 335860) Selwyn Collega July 18 Legal Studies and Services: Mergers and acquisitions— strategic tax and accounting issues (01-236 4080)

Royal Lancaster Hotel, W2

September 15 Copper Development Association: Aluminium bronzes for industry (0707 50711) Cavendish Conference Centre, W.I. September 24-25 Euromoney two-day seminar: (1) Options—a risky business? (2) Hedging can be fun (01-256

Management Training Consultants: Successful supervision.
(Leicestor 27062)

Hatfield

FT Conforence: Pacific Basin (Leicestor 27062) Hatfield FT Conforence: Pacific Basin oll and gas — prices, invest-FT Conference: World aerospace ment and the business outlook. to the end of the century (01-621 (01-621 1355) 1355) Hotel Inter-Continental, WI Hotel Regal Meridiën, Kowloon

Anyone wishing to attend any of the above events is advised to telephone the organisers to ensure that there has been no change in the details published.

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange of the United Kingdom and the Republic of Ireland.

7th July, 1986



#### COMMONWEALTH BANK OF AUSTRALIA

(A statutory corporation of the Commonwealth of Australia)

A\$75,000,000 12%% Notes Due 1990

Forming a single series with the outstanding 12%% Notes due 1990

The Commonwealth of Australia guarantees the due payment of all moneys that are, or may at any time become, payable by the Commonwealth Bank of Australia

Issue Price 101%%

The following have agreed to subscribe or procure subscribers for the above Notes:

#### Orion Royal Bank Limited

**ANZ Merchant Bank Limited** Banque Nationale de Paris CIBC Limited Merrill Lynch Capital Markets

Salomon Brothers International Limited

BankAmerica Capital Markets Group Baring Brothers & Co., Limited Commonwealth Bank of Australia Morgan Guaranty Ltd J. Henry Schroder Wagg & Co. Limited

Application has been made to the Council of The Stock Exchange in London for Notes in the denominations of A\$1,000 and A\$5,000 constituting the above issue to be admitted to the Official List, subject to the issue of the temporary Global Note.

Particulars of the Notes and the Issuer are available in the Extel Statistical Service. Copies of the listing particulars relating to the Notes may be obtained during normal business hours up to and including 9th July, 1986 from the Company Announcements Office of The Stock Exchange and up to and including 21st July, 1986 from:-

> Orion Royal Bank Limited, 1 London Wall. London EC2Y 51X

R. Nivison & Co., 25 Austin Friars. London EC2N 2JB

U.S. \$50,000,000

Hapoalim International N.V.

**Guaranteed Floating Rate Notes 1987** 

For the six months 8 July 1986 to 8 January 1987 the Notes will carry an interest rate of 7 % % per annum. Coupon Value U.S.\$360.97

Listed oo The Stock Exchange, London

# Granville & Co. Limited

Member of The National Association of Security Dealers and Investment Managers

	Company Ass. Brit. Ind. Ord Ass. Brit. Ind. CULS Airsprung Group		Change po vreek		> %		Fully
£000's 4.415	Ass. Brit, Ind. Ord Ass. Brit, Ind. CULS Airsprung Group	Price 6	on week	div.(p	> %		
4.418	Ass. Brit, Ind. Ord Ass. Brit, Ind. CULS Airsprung Group	131	_				
	Ass. Brit. Ind. CULS Airsprung Group				5.0	6.0	7.5
	Airsprung Group		_	10.0	7.5	84	7.4
		120	+5	7.6	B.3	7.5	ę.7
	Ampitage and Rhodes	33	+2	4.3	13.0	4.1	4.9
	Berdon Hill	181	+3	4.8	2.5	20.6	18.9
	Bray Technologies	78		4.3	5.5	9.3	6.5
	CCL Ordinary	80	_	2.9	3.8		8.8
	CCL 11pc Conv. Prol.	8640	_	15.7	18.3	-	-
	Carborundum Ord	202	+15	9.1	4.5	8.8	10.0
	Carborundum 7.50c Ff.			10.7	11.9		
	Deborah Services	55	_	7.0	12.5	5.8	7.7
3,323	rederick Parket Group	23	+1	=			
	George Clair	115	֏	_	_	4.7	8.6
2.640	Ind. Precision Castings	65	+3	3.0	4.8	17.2	14,3
	eia Group	162		15.0	9.3	12.5	18.6
	lackson Group	11Bed		e.1	5.2	8.0	7.2
	Jernes Gurrough	348ed		17.0	4.9	8.6	8.8
	James Burrough SpcPl.	100	+1	129	12.9	_	
6.940	John Howard and Co.	57sd		5.0	8.8	_	_
	Minihouse Holding HV		-80	6.7	0.7	42.8	50.5
8.740	Record Ridgway Ord.	380		_	_	6.8	11.7
	Recard Ridgway 10pcP1	89sd		14.1	15.8	_	
		75				9.7	21.4
		30	_	_	_		7.7
	Tordey and Carliels	84xd		5.7	5.6	5.1	5.2
	rovien Holdings	320		7.9	2.5	6.7	8.8
	Jnilack Haldings	569	_	2.1	3.8	15.2	14.9
	Maitet Alesender	175	+2	ā.5	4.9	9.5	12.1
	V. S. Yestes	190	- :=	17.4	9.2	19.0	21.1
		spende	d .				

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Jose ma plad

2	1985 July 4 Price High Low Sch	1985   Price Nigh Low July 4 Aust. s	1986 July 4 Price High Low	1966 July 4 Price	CANADA
	8,550 8,200 Gredit nst it pp 2,200 5,850 15,075 Goesser	3.25   8.35   Ampol Pet.   2.4 1.25   1.15   Ashton   1.53 3.55   2.1   Aust. Guarantee   3.4 3.70   2.88   Aust. Nat. Inds.   5.9 9.6   8.3   Bell Group   8.4 5.75   1.05   Bond Corp Hidge   2.3 5.75   1.9   Bougainville   2.38 7.10   4.3   Bougainville   2.38 7.10   4.3   Brambles Inds   3.12 1.38   0.59   Bridge Oil   0.78 8.1   3.25   3	12 17.9 Bank East Asia 17.2 5.70 5.15 Cathay Paolite 3.3 22 17.9 Cheung Korg 20.5 17.2 15 Cathay Paolite 30.5 17.2 15 Cathay Bank 15.1 0.75 64.5 Land Light 15.1 0.5 Evergo 20.1 15.5 Handerson Land. 2.15 15.0 12.3 Exchange Bank 2.50 12.8 Exchange Bank 2.50 12.5 Exchange Bank 2.50 13.5 Exchange Bank 2.50 13.5 Exchange Bank 2.5 Exchange Bank	1,680 734 Dalwa 300	Sales Stock   High Law Class Clarg   Sales Stock   High Law Class Stock   High Law
200	135   130   Gockeriii	1.94 0.70 Claramont Pet 0.82 8.50 1.80 Comaion A 3.8 0.25 0.14 Consolidated Pet. 0.14 2.70 1.8 Costain Aust 1.9 5.02 2.0 Elders DG 4.75 1.82 1.41 Energ Res 1.41 2.78 8.15 [Gen. Prop. Trust 2.45 3.70 1.82 Hardie (Jamest. 3.47 2.12 1.60 Harding Energy 7.10 4.65 Heraid Wyllimes 5.2 2.8 1.9 Harding Energy 7.10 4.65 Heraid Wyllimes 5.2 2.8 0.9 0.15 Jimberlena F.P. 2.83 0.9 0.14 Kis Ora Gold 0.15 0.9 0.15 Kis Ora Gold 0.15 0.9 5.9 Kidston Gold 0.15 0.15 0.15 0.15 0.15 0.15 0.15 0	1986   South   11.9   12.5   13.0	7,700 6,500 Fanilis	2900 BC Sugar A \$201; 20 29 -12 18000 Duchann B \$71; 71; -14 18000 Duchann B \$72; 71; 75; +15 18000 Duchann B \$72; 71; 75; 71; 75; 71; 75; 71; 75; 71; 75; 71; 75; 71; 75; 71; 75; 75; 75; 75; 75; 75; 75; 75; 75; 75
	8,390   8,002   80/vay   7,780   885   460   Starrwick Intl.   450   8,330   5,300   10/B.   8,330   6,250   3,705   10/B.   8,330   8	5.12 1.98 MMM	18.2 14.36/Barlow Rand. 16.30 90 62 Bartiels 77.50 2.6 1.85(CNA Gailo	293 463 Kahma 886 1,330 985 Kao Corp. 1,592 190 154 Kawasaki Steel 173 1,590 737 Kirin 1,440 127 172 Kobe Steel 182 316 466 Komashirsky 730 e15 339 Kubota 720 294 755 Kumagal 865 4,960 4,000 Kyocers 4,000 392 311 Marubeti 380 2,640 1,540 Marul 956 e16 372 Marda Motor 322 889 355 Mellin Seika 842 1,660 1,160 MEL 1,370 1,690 1,430 Mrbishi Bank 1,500 605 506 Mrbishi Chem 785 902 582 Mrbishi Chem 785 903 582 Mrbishi Corp. 883 373 329 Mrbishi Elect 555 2,230 1,070 Mrbishi Elect 555 2,230 1,070 Mrbishi Elect 555 3,230 1,070 Mrbishi Elect 555	1284-64 CAE
	555   430 (6NT Hid.   465   820   553   1,3.s.B.   655   845   540   49ke Bank   570   851   22A   49ke Bank   265   332   255   571 watbankan   273   332   255   571 watbankan   273   333   325   5mkdith (7-L.) B.   285   1,020   615   50phus Barrand   225   331   250   3uperfee   981    FRANCE  1986   July 4   Price   1630   1,473 Emprunt 412 1878   1,555   7,965   7,190 Emprunt 72   1973 7,645   493   298   4600   445   963   843   608   Air Liquide   809	5.92 2.82 Western Mining 2.98 6.38 4.5 Western Blank 4.5 1.2 0.88 Western Blank 4.5 1.2 0.88 Western Mining 2.76 1.2 0.88 Western Mining 2.88 Western Mining 2.88 2.76 0.88 2.76 0.88 2.76 0.88 2.76 0.88 2.77 0.88 2.876 0.88 2.76 2.876 0.88 2.76 2.876 0.88 2.76 2.876 0.88 2.76 2.76 2.876 0.88 2.76 2.76 2.76 2.76 2.76 2.76 2.76 2.76	1986   July 4   Price   1986   July 4   Price   1986   July 4   Price   1,05   5,66   2,17   Cold Storage   2,98   2,52   1,74   Conting   4,34   Los   2,62   1,74   Los   Los	498 353,MH 360 594 405 Mitsul Bank 1,080 594 405 Mitsul Bank 1,080 870 999 Mitsul Estata 1,860 870 999 Mitsul Estata 1,860 1,200 590 Mitsukoshi 1,150 1,200 590 Mitsukoshi 1,150 1,240 1,900 Mitsukoshi 1,270 1,640 1,900 Mitsukoshi 1,240 2,290 1,160 Mitson Elert 1,140 985 Mitson Ekara 1,940 1,200 985 Mitson Mitsukoshi 1,940 1,200 985 Mitson Mitsukoshi 1,290 1,200 1,200 985 Mitson Mitsukoshi 1,200 1,20	71919 CP Lm
	843 608 Ar Liquide 809  712 508 BiC 633  2,312 1,310Bongrain 1,900  1,905  4,140 2,730 BsN Gervais 5,960  3,910 3,213 Carrefeur 5,105c  625 465 Ciub Mediter 7,570  1,886 273 Cle Bancaire 1,143  468 347.8.30fmeg 394.1  4,70 1,030 Jumez S.A 1,366  1,686 8 777 Eaux Cle Gent 1,365  1,900 714 Gan.Occidentale 64,1615  1,030 714 Gan.Occidentale 94  1,515 745 Latergs Coppes 1,340  1,515 745 Latergs Coppes 1,340  2,905 1,040 1,340  1,440 1,340  1,540 3,400  1,540 3	S77.5   265	2.12   2.12   2.15   2.16	874 684 Hisshin Flour 687 8,270 1,010 ksmura 2,280 1,530 980 0 ympus 1,130 538 311 Onedn Cement 683 1,530 1,200 ympus 1,220 4,730 2,560 Orient Leasing 4,750 2,460 1,550 ympus 1,212 1,130 256 Kooh 863 1,570 1,070 Sankyo 1,410 1,470 1,270 Sanwa Bank 1,280 460 366 Kanya Elect 4,15 1,200 638 Kanya Elect 4,15 1,200 638 Kanya Elect 1,270 2,710 6,250 Kayan Elect 2,270 2,710 6,250 Kayan Elevan 2,000 811 Sanarp 946 350 Shimizu Constn. 564	Aerospace
	4,200   2,640 Legrand   4,800   350   159   Maisonn Phenbx   2,552   1,490 Matra S.A.   2,690   3,456   1,726 Michelin 6	293   286   CHD   227.5   22	252 167/Pharmecis 248 390 495/Sanh Scanin Free 510 936 675/Sanhdrit 500 552 320/Sanhdrit 257 190 136/Sanhdrit 257 190 136/Sanhdrit 257 190 136/Sanhdrit 257 400 280/Swedish Match 435 200/Volvo 8 (Free) 405	1,560   760 Shlonogi	World Aerospace to the End of the Century, the next conference in this now famous series, is to be held in London on 26, 27 & 28 August 1986 just before the Farnborough International Air Show.
in a series of the series of t	1.490 2.100/skin Rossignol. \$1,345 865 2.649/ricelmed Elect. 5.480 1.439 832 Thomson (CBF) 1,560 518 548 Valeq	390   392   Valein-West   466   684   472   Volkswagen   473   473   473   473   473   473   473   473   473   474   475   477   475   477   475   477   475   477   475   477   475   4	Nigh   Low	447 357 Toshiba Elect 415 4400 1,490 Toyo Selkan 8,850 1,860 1,130 Toyota Motor 1,600 306 200 U2E Inda 1,888	Richard AlbrechtGünter EserBichard AlbrechtGünter EserJean PiersonColin MarshallGbristopher Tugendhat
	7,000 4,460 Adja intl	187.6 152 Kosmos 161.5 181 180 Kvasrner 150 150.8 90 Morek Deta 213 150.8 122 Morek Deta 215 150.5 122 Morek Deta 256 150.5 122 Morek Deta 256 150.5 122 Morek Deta 256 150.5 122 Morek Deta 256 150.5 125 Morek Deta 256	183 17.4 Calland High 12.3 184 136.8 Dorutanio Per in 131.2 185 154 Elsevier-ROU 205 205 205 205 205 205 205 205 205 205	SPAIN 1986 High Low July 4 Phr.%	Alec SansonChrister  Robert Zincone
	8,350 7,100,3acobe Suchard 8,350 5,650 3,100,1clmoil 97 1,800 8,500 2,000 Hestis 8,500 2,000 Hestis 8,500 2,000 1,900 496 378 Prolii 8,500 496 378 Prolii 8,500 496 378 Prolii 8,500 1,500 5,500	High Low Joly 4 Ure  54,985 19,980 Sanco Com'le	63.5 47.5]Naarden	1,340 595 Sco Vizoaya	Brian RoweJunus
	525.5, 534,9wiss Bank	4,653 2,705 Montedison	<del></del>	NOTES—Prices on this page are an quoted on the individual exchanges and are but traded prices. 3 Dealings suspended, and in dividend, as in strip lease, at its rights, as in all, * Price in Dealish Kreeze,	Stewart MillerMichael OpterArthur WegnerRenato BonifacioArthur WegnerRenato BonifacioHenri MartreFrans SwarttouwA FINANCIAL TIMES CONFERENCE
_	DOW   July   July   July   ONES   3   3   1	June June 1986   Since Cmp   50 27   High   Low High   Low   High   Low   High   Low   High   Low   High   Low   High   Low   High   Low   High   Low   High   Low   High   Low   High   Low   High   Low   High   Low   High   Low   High   Low   High   Low   High   Low   High	July July 4 8 AUSTRALIA All Ord. (11/80) 1142.7 1155.5 1 Metals & Minis. (1/1/80) 457.5 483.8	High 1966 Low High Low 487.5 (7/6) 1010.5 (27) 487.5 (24/5) 481.1 (20/6)	Henri Martre Frants of A FINANCIAL TIMES CONFERENCE
7	Utilitien 200.75 200.38 123.55	90,50; 90,47; 81,94; 65,75; 14/1. 782,75; 777,50,349,94; 989,97; 689,94; 72,22; 51/6; 5/7; 5/7; 5/7; 289,75; 185,47; 289,75; 185,47; 289,75; 185,47; 289,75; 185,67; 22/1; 5/7;65; 84/82; Low 1287,23; (1891,31)	DENMARK Copenhagen SE (8/1/88) 218,18 215,57 FRANCE	244,96 245,28 — 2769,81 (15/1) 218,96 218,57 258,79 (15/4) 514,27 (11/1) 2567,8 554,9 411,5 (15/5) 227,8 (2/1) 138,5 136,8 154,8 (12/5) 131,6 (2/1)	World Aerospace to the End of the Century  Please send me full details of the World Aerospace to the End  Title  Title
.es	Composite 2 251.80: 262.70 962.04 Industrials 961.09 263.24 261.49 Financials 22.89 29.89 29.83 N.Y.S.E. 144.07 146.15 144.68 COMPOSITE	250.84 249.50 252.76 256.46 252.70 4.40 27.780 14.62 27.52 70 4.40 27.780 14.62 27.52 70 27.50 14.62 27.780 27.52 70 27.	GERMANY FAZ Aktien (5112/55) COmmerzbank (112/55) HONG KOHO Hang Song Bank/51/7/44) TTALY JAPAN**  105.3  1757.12  1757.12  1757.12  1757.12  1757.12	685, 10 626,36 755,88 (17)-(1) 517,74 (8/7) 1843,3 1274,8 (17)-(1) 1853,8 (27/2) 1760,21 1763,51 1865,86 (7/5) 1558,94 (18/5)	A Financial Times   Country   Country   Telephone   Te
•	VALUE           HASDAQ         411.18         409.48         407.61           OTC COMP.         June 27         June           Dividend YIELDS         June 27         June 35           June 35         June 35         June 35           S and P Industrial         2.65         2.5	188   189	Hikkel (15,649) 1782,7817891,5 12 Tokyo SE New (41,68) 1866,82 1862,25 1862,25 ARP.088 General (1976) 298,8 291,0 ARP.088 Indust (1970) 298,8 294,9 MORWAY Oele SE (411,68) 1 867,41 567,42	7886.9 17922.7 17981.5 (6/7) 1989.1.5 (21/1) 1857.57 1095.89 1982.25 (5/7) 1095.55 (11/1) 229.5 289.5 289.5 289.5 (4/7) 229.5 (4/7) 229.5 (5/7) 229.5 (5/7) 229.5 (5/7) 229.5 (5/7) 229.5 (5/7) 229.5 (5/7) 229.5 (5/7) 229.5 (5/7) 229.5 (5/7) 229.5 (5/7) 229.5 (5/7) 229.5 (5/7)	Type of Business
64 	8 and P Ind P/E ratio 18.32 18.0  TRADING ACTIVITY MISSIONS  Joly July July 1  New York	New York July 3 July 2 July 1 July 1 July 1 July 3 Research 1,668 1,675; 1,964 Research 1,668 1,675; 1,964 Research 1,675; 1,964 Res	SOUTH AFRICA  JSE Gold (23/8/78)  JSE Indust (28/8/78)  SPAIM Madrid SE (69/12/65)  SWEDEN	749,79 745,89 775,89 (25/5) 565,54 (25/4) 1254,9 7247,5 1597,9 (27/1) 1199,1 (21/4) 1175,1 1175,5 1393,1 (28/6) 1364,3 (21/1) 1188,11 170,82 194,77 (12/5) 186,25 (5/1)	OSLO OSLO OSLO OSLO OSLO OSLO OSLO OSLO
	Metals &	July June 1986  1 30 High Low  (a) 210.63 3442.6 (21/8) 225.5 (21/5) (b) 3085.5 5121.11 (18/4) 2754.0 (17/2) (c) 1563.18 1825.5 (16/4) 1386.60 (22/1)  ACTIVE STOCKS  Change Stockn Closing on	SWITZERLAND Swise BenkGpn(61/12/65) 582,1 583,3 WORLD M.S. Capital Intl. (I/1/70); 581,4  *** Sezurday July S. Japan Nil		You can obtain your subscription copy of the Financial Times, personally hand-delivered to your office  K. Mikael Heiniö Financial Times Scandinavia 44 Osternadde  You can obtain your subscription copy in the centre of the cities indicated, for further details contact:  or Marianne Hoffmann Narvesen AS Oslo Norway Tel: (2)684020
	Thursday Stockn Closing on	traded price day	Have value of all ladicts are 100 asset	pt Brussels 85-1,000, JSE Gold-255.7,	DK-1000 Copenhagan

July Aug Seat Dac — 0.50 1.50 0.70 0.80 1.40 2.70 0.20 0.55 1.20 2.90 0.20 1.70 2.90 4.70 1.50 3.95 4.90 7.30 5.10 7.40 2.30 10.60 11.00 11.70 12.30 14.20

Puts-Last
Sept Dec Mar
0.00 0.04
0.01 0.06 0.16
0.01 0.09 0.22
0.03 0.14 0.29
9.06 0.20 0.37
0.12 0.29 0.48
0.21 0.39 0.60
8 Puts 815

Sept 93.77 93.87 — 93
Dec 93.64 93.76 — 93
March — 93
THREE-MONTH EURODOLLAR (IMM)
S1m points of 100%

**CURRENCY FUTURES** 

POUND-S (FOREIGN EXCHANGE) Spot 1-mth. 3-mth. 6-mth. 12-mth 1.5370 1.5329 1.5252 1.5149 1.4873

-STERLING SE PET E

LIFFE-STERLING E25,000 \$ per E

Close 1.5310 1.5214 1.5120 | Close | Fig. | Close | Close

S DM YEN FFr. 8Fr. HFL. Lira , CS . . Fr. 1,537 3,345 246,8 10.08 2,713 3,763 0003, 3,124 68,40 1, 2,170 160.5 6,948 1,765 6,448 1492, 1,386 44,50

1.439 5.155 231,1 10. 3.540 5.024 0148, 1.880 64.06 0.567 1.333 80.87 5.936 1, 1.387 645.5 0.783 25.22

0.299 0.459 1. 73.77 3.122 0.811 1.125 685.5 0.635 20.45 4.053 6.280 13.56 1000. 43.37 10.89 15.25 8893, 8.608 277.3

0.266 0.409 0.889 65,58 2,838 0.731 1. 609.4 0.686 18.19 0.456 0.670 1.459 107.6 4.657 1.183 1.641 1000; 0.926 20.83

0.471 0.724 1.575 110.2 5.027 1.277 1.771 1080, 1, 32.20 1.468 2,247 4.890 360,7 15.61 3.866 5.601 8358, 8,105 100

You pay 1.000: Female Fe pay 40: Use pay 1.000: Belg Fr pay 100.

Latest High Low 1.5380 1.5410 1.5355 1.5250 1.5300 1.5250 1.5190 1.5200 1.6160

LONDON financial futures and options prices are for July 4. Chicogo futures and Philadelphia options prices are for July 3, owing to the

Sept 0.02 0.05 0.12 0.26 0.50 1.23 2.11 3.18

LONDON SE E/8 OPTIONS £12,500 (cents per £1)

S7m points of 100%

Sept 92.70 — 93.65
Solve 12.99
Sept 92.70 — 93.69
Solve 92.39 — 92.34
March 92.79 — 93.69
Sept 92.70 — 93.65
Oec 92.39 — 92.34
Merch 92.12 — 92.07
Estimated volume 1.297 (4.353)
Prividus day's open int 18.045 (17,772)
US TREASURY SONIS
6'', \$100,000 32rds of 100%

Estimated volume 620 (5,655) Previous day's open in1 7,380 (7,226)

94-17

**EXCHANGE CROSS RATES** 

94-03

94.38 94.81 94.31 94.07 93.78

CHICAGO

Calls—Last
July Aug Sept Dec
— 18.90 19.80
12.40 0.00 10.00 10.30
0.30 0.40 9.60 10.30
4.30 5.30 8.00 7.30
0.90 2.40 3.40 4.70
0.20 0.45 0.90 1.90
0.20 0.45 0.90 1.90

# CURRENCIES, MONEY and CAPITAL MARKETS

LIFFE LONG GILT FUTURES OPTIONS

Strike Calls—Last price July Aug Sept Dec July A

PHILADELPHIA SE E/S OPTIONS £12,500 (cents per £1)

July Aug Sept Dec — 24.30 24.30 18.30 — 10.30 18.30 14.35 9.30 9.55 10.20 4.50 5.15 5.75 7.05 0.30 2.30 0.32 4.55 0.015 0.55 1.50 2.80 0.00 day's open misrept, Ca

C50,000 32nds of 100'4

Ciose High Low Prev
Sapt 124-27 125-04 123-31 723-50
Dec 124-21 725-04 123-31 723-50
June 124-07 124-00 124-00 123-10
June 124-07 124-00 124-00 123-06
Estimated volume 12,473 (10,437)
Previous day's open int 21,365 (21,013)
Basis quote (elean cash price of 13%
Treasury 2004-08 less equivalent price of near futures contract) -4 to 4
(32nds)
10". ND7:DNAL SHDRT GH.T
E100,000 64ths of 100'%

20-YEAR 12% NOTIONAL DILT

LONDON

#### FOREIGN EXCHANGES

# Economic slowdown hits dollar

Prospects for the dollar appeared to be rather depressing last week. The US currency fell below DM 2.20, and threatened Y160, as economic figures con-Y160, as economic against lower c spot tinued to point towards lower c spot thought interest rates, in the face of Sluggish second quarter growth. The first announcement of second quarter US gross nalional product growth will be on July 22, but is expected to on July 22, but is expected to be below the first quarier figure cultural sector declined by 6f 2.9 per cent, which was 89,000, and led in further selling boosted by building up of slocks, of the dollar.

particularly in the car industry.

Mr Henry Kaufman, chief particularly in the car industry, and by defence spending.

particularly in the car industry, and by defence spending.

Recent figures have suggested a disappointing economic performance by the US, leading to speculation the Federal Reserve's discount rate by the cent to 6 per cent, and after last erve's discount rate will be cut to revive growth.

Mr Henry Rautman, chellenge conomical for the conomical of the conomical figures of the market could see no reason 10 articles.

The announcement of a widening of the May US trade deficit to \$14.21bn on the previous Friday, set the tone for last week, and once the dollar fell below DM 2.20 it lacked the power to recover.

May US leading indicators of the set of

below DM 2.20 it lacked the power to recover.

May US leading indicators showed a disappointing rise of 0.2 per cent, against a median forecast of around 0.4 per cent, while May factory orders fell 0.1 per cent, and would have been down 1.3 per cent without defence capital goods. Thursday's intemployment figures initially appeared more encouraging, falling to 7.1 per cent in June from 7.3 per cent, but employment outside the agri-

rench tranc . . . . .

CURRENCYMOVEMENTS OTHER CURRENCIES

POUND SPOT-FORWARD AGAINST POUND

FORWARD RATES AGAINST STERLING

6-month 1.5149 3.2629 10.5519 2.6497 240.57

On Monday bilts were bought,

£ Spot 51.5455-1.5485 \$1.5455-1.5486 t menth 1.43-0.40cm 0.43-0.42mm 3 menths 1.16-1.12pm 1.12-1.16pm 1.20-0.000 4.02-5.22pm

£ IN NEW YORK

argue. The West German Bundesbank called a press conference to follow its regular council meeting. No change was expected in the Buodesbank's discount rate

# Otto Poehl, president of the Bundesbank, said there was no Bundespank, said there was no change in credit policies and no need to revise the money supply target range of 3.5-5.5 per cent. Growth touched 9 per cent earlier this year and has been put forward as a key factor for the central bank's reluctance to call its interest rates but May was cul its interest rates but May was a rather more acceptable 7 per

cen] on an annualised basis.
West Germany is obviously reluctant to lead the next round of world lotesest rate culs but the market believes the US and Japan will take a less conserva-

Lasi week the Bank of Japan spent S3bn to S5bn in trying 10 prevent the dollar falliog below Y180 against the Yeo, ahead of yesterday's Japanese general election, and only just achieved its goal. It has been fairly confidently predicted the US currency will bit a record trading low against the yen this week. On Friday the dollar finished in London at an all-time closing low The rising yen and the depressed stale of the US economy, encouraged thoughts of lower inpressed stale of the US economy, encouraged thoughts of lower interest rates. With the Japaness election out of the way, and the US back to a full trading week, after the long weekend for Independence Day, the market will expect the Japanese authorities to renew their efforts to prevent the dollar alling towards Y150, and also look for moves from the US to stimulate economic growth.

O						
July 3	3	8	July 4	Bank rate	Special Drawing Rights	European Gurrency Unil
Aus'alla  Brazzil  Finlano  Greece  H'keno Iran  Kuwali Lux'burg  Malaysle Malaysle Saudi Ar Sin'pore  \$ Af. Cmi S.At. Fni	21.01-21.35 7 8075-7.8205 810.35-216.80 13.8760-18-0850 120.00 0.4485-0.4545	1,6435-1,5460 13,77-13,84 5,0580 5,0570 137,10-140,20 7,2106-7,0125 77,90° 0,28100 0,28140 44,45-44,55 3,6800-1,8500 1,8500-1,8500 0,7500-3,7515 0,1860-2,1800 0,5510 2,5640	Sterling US 8. Conadien S. Auatria Sch Belgian Fr Danish Kr D'mark. French Fr Lira Van Nerway Kr. Opan'h Pta. Swedish Nr Swies Fr Greek Drch	012 8.84 8 7 312 4 912 1 2 13 8 8	N-A	0.638666 0.587645 1.36117 15.0813 43.9389 7.07276 0.41077 0.85010 1473.07 158.016 7.34660 0.99006 1.74143 137.003
	4 Salling re	74	Irish Punt	-	**	1.071304

CURI	REN	Y RA	TES	Sept Dec March	102-56 102-63 102-93	102-58	102-58	102-4 102-4 102-4
July 4	Bank rate	Special Drawing Rights	European Currency Unit	Previou	ad volum	open int STERLIN of 100%	854 (875 G	
anadlen S. airla Sch Igian Fr nish Kr mark ilder nach Fr	012 8.84 8 7 31: 412 914 1213	N-A	0,587645 1,36117 15,0813 43,9329 7,07276 2,14586 0,41077 0,85010 1473,07 158,016 7,34660	Previou	a day's	90.88 90.85 na 1,850 open int	18,310 (	90.6 90.5 90.5 90.6 90.4
edieh Nr edieh Nr ies Fr ek Drch ih Punt	8 4 0012	        	137,036 0,99006 1,74143 137,003 1,071304	Sag1 Dec March Estimat	Close 767.00 769.30 171.80 ted volum	High 167.50 ne 158 ('open in')	196.76 156)	167.1 169.1 172.1 172.1
neh Fr n nway Kr. an'h Pta. edigh Nr ies Fr eek Drch th Punt	912 1213 8 8 4 0012	# # # # # # # # # # # # # # # # # # #	0.85010 1473,07 158,016 7.34660 137,036 0,99006 1,74143 137,003 1,071304	FT-SE 1 £25 per Sag1 Dec March Estimat	close 767.00 768.30 171.80	ex point High 187.50	16,310 ( 186,76	16

#### DOLLAR SPOT-FORWARD AGAINST DOLLAR

ly 4	Day'e spread	Close	One month	% p.a.	Three .	** P.
1	1.5365-1.5460	1.5365-1.5376	0.44-0.41c pm	3.32	1.21-1.16 pm	3.0
laadt	7,3875-1,3917	1.3885-1.3895	0.50-0.20c pm		1.10-0.70 am	
nade	1,3775-1,3805	1.3795-1.3805	0.16-0.19c dis		0.55-0.60 die	
thind.	2.4435-2.4480	2,4470-2,4480	0.15-0.10c pm		0.40-0.35 pm	
gium	44,41-44.55	44.45-44.65	1 pm-1c dis	-	par-4 dis	0.
nmark	8.061-8 081	5.074-8.064	0.50-1.60pre dis	-7.49	2.50-3.50 dia	1,4
Ger,	2,1685-2,1775	2,1750-2,1760	0.47-0.44pt pro		1.20-1.15 pm	
Rugal	147-148-	748-1481	50-300c dia		200-700dis -	
in	138.37-138,80	738.70-138.90	50-100c dia		200-300 dis	-7.
ly	1488-1493	14914-14824	6-81 die die		77-20'z dis	-5.0
way	7.424.7.44	7.431-7.431	4.30-4,80ord Ois	-7.34	73.5-14.0dis	-7.
nca	\$.93-6.95	6.94-6.95	0.10-0.30c dis		0.85-1.25dis	
edan	7.06-7.08	7 07 -7.08	1.75-2.25ore dia		5.50-6.00 dia	
Min	160.30-161.00	180.45-150.55	0,35-0.30y pm		0.91-0.86 pm	
stria	15.25-16,28	16.274-15.274	3-Zgra pm	7.96	8-5 pm	7.
itz.	1,7600-1,7660	1.7645-1.7855	0.33-0.28c pen		0.85-0.80 pro	
+ UK	and Ireland a	re guoted la	US currency. Fr	brewns	oreintums an	d

diacounts emply to the US dollar and net to the individual currency.

## **EURO-CURRENCY INTEREST RATES**

	July 4	term	7 nays	Month	Months	Months	Aer
	Storling	105e 107e	1018-1054	10,5-1014	10-101s	0-4-012	9.1-012
	U.S. Dollar	_	610.7	614 OIS	654 634	6 54 634	6:4-0:2
_	Carl Doller	814 814	814 834	84.84	8,4.836	856.8,%	855 814
-	D Guilder	65 <sub>4</sub> 05 <sub>6</sub>	05, 63,	614.63	048.618	614-615	014-57
	Ow. Franc	050-234	24 219	4-1-4-2	434 478	44.47	4 : 4 :
	Dourschmrk	4444	414.436	419 43	41g.43	418.478	4-6-4-5
	Fr. Franc	714.714	718.714	71a.714	718.714	714.736	714.75
•	Italian Lire.	10.12	11 104	11 ls 13 la	1156-1176	114-113	1110-115
	B.Ft.(Fin)	71a.734	7 ta.736	714.75	714.736	714.730	716 736
	B.Fr.J.Com	7.714	7.74	074.73	678-73	078 736	678.738
	Yon,	414 456	417 450	4.3.45	4 3-436	4.2.458	4.3.45
	D. Krone	814 834	814 833	814 874	814 834	814 9	·83 01
	Asian 5 (5no)	6.3.7 <sub>18</sub>	7.71e	678-7	110-210	014-614	64 016

(July 3) Prime rate

#### **MONEY MARKETS**

EMS EUROPEAN

# Bank looks for stability

Interest rates were firmer on the London money market last week. Three-month toterback rose to \$\frac{1}{2}\$ per cent, from \$\frac{9}{2}\$, \$\frac{9}{2}\$ per cent, as speculation about a possible reduction in world interest rates was offset by domestic factors.

The Bank of England showed its concern about the high level of UK unit labour costs; above larger mooey supply; and lower oil prices, by indicating that a cut in UK bank base rates was not welcome. Average daily on Monday bilts were bought, for resale to the market this oil prices, by indicating that a cut in UK bank base rates was not welvome. Average daily credit shortages in the London money market were above fibn. giving the authorities plenty of opportunity to indicate their attitude.

On Monday bilts were bought, for resale to the market this for resale to the marke

Repurchase agreements were chased for resale to early provided on three days, under terms suggesting the present oo July 30, indicating the Bank

# WEEKLY CHANGE IN WORLD INTEREST RATES

LONDON	July 4	change	NEW YDRK	July 4	change
Baso ratos	10	Unch'O		819	Unch 'd
	105g	<b>→ I</b> 4	Federal funds	6; į	-18
3mth interbank	9	+ 14	3 M1h. Treasury Bills	6.07	~0.88
Treasury all Tondor	9,3040	- 0.0011	O Mrh. Treasury Bills	6,10	-0.90
Band 1 Bills Band 2 Gills	9:4 9:4	Unch'd	3 Mth. C 0	6,48	-0.16
Band 3 Bills	914	Unch'd	FRAKKFURT		
Bano 4 Bitla	9-3	ncp.q		6,5	Unch' d
3 Min. Treasury Bills	91g	<b>.</b> .	One mih, interbank	4.58	+0,075
1 Mtn. Bank Bills	ي:و	•	Three month	4,575	+ 0,05
3 Mth. Sonk Sille	912	• .			
			PARIS		
T <u>n</u> KYO Ono month Billa	4.05025	Uneh'o	Intervolution Rate	7	Uuch '0
Three month Bills	4.71875	Unch 'd	Dre mth. Interbank	7.*	Unen O
		u	Three menth	7.k	Unch'd
BRUSSELS			MILAN		
One menta	2.5	Աո <b>¢</b> ի՝ d	Dne month	12.4	∼ IB
7hros month	7.5		Three month	18,5	+4
AMSTERDAM			DUBLIN		-
One month	644	4 la	One month	9	+ la
Throo month	6,	Unch d	Three menth	936	+ 14

London—band 1 bills mature in up to 14 days, band 2 bills 15 to 33 days, band 2 bills 34 to 63 days and band 4 bills 64 to 91 days. Rates quoted represent 8ank of England buying or selling retes with the money rearket. In other control relies are Generally daporal rates in the domestic money rearket and their respective changes during the week.

### MONEY RATES

July 4	Ov'r nig't			Three Months	Months	Lombard th'v'tin
Franklurt	4.50 4.60	4.50-4.60	4.50 4.60	4.504,65	4,554,70	5.5
Fans Zurich	. 714 74 1 14	714 712 4 . 414	7:474	719 719	718 774	7
Ameterdem	61,6:	b . 6.		4 4 66h	=	=
Tokje		4.65625	-	4,71875	_	_
2r#356 5 ~	7.75	12 12 4 714 715	Ξ	1178 1214 716 71a	_	
היולאייט	37 0:5	912.934	9,1 9 %		81a-81g	Ξ.

# UK clearing bank base lending rate, 10 per cont since May 22

of England's wish to see stab ility for the next month. sterling also shows stability oil prices, after the failure of interest rale structure will remain in place for at least another month.

It remains to be seen whether againsl a background of falling Opec ministers to agree (owe production quotas, and ur certainty about the attitudes of other central banks to lowe interest rates.

One month	5.5
Two month	5.0
Three menth	6.0
Six month	0.1
Ona year	6.2
Two year	6.6
Three year	6.8
Four year	7.0
Five year	7.1
Saven year ,	7.2
10 year	7.2
30 year	7.7

**NEW YORK RATES** 

Broker loan rets ......

# BANK OF ENGLAND TREASURY BILL TENDER

	July 4	Juna 07		July 4	Juna e7
Bills on etter	£100m	m00/13	Top Accepted rete e! dispount.	9,3456%	9,3056
anolicaliens	£427.62m	£485.em	Average		
7 otal allocated.,		£100m	Average yield	9.5040% 9.50%	0,30299
accepted bld	£97.67	£97.6B	Amount on elfor		
Allotment at			. at next lender-	£100m	£100m
minimum lovel	70%	45%	r		

### FT LONDON INTERBANK FIXING

[11,00 a.m. July 41	Six months US dollars				
Three months US dollars					
	bld 6 Sg	Offer 5 3			
pid 0 % Offer 0 %					
The Liang rates are the arithmetic means, rounded to the neurest one-sixteenth, all this bid and offered rates for \$10m quoted by the merket to five	reference banks at dey. The banks are ster Bank, Bank of Bank, Bank of Bank, Bank of Bank, Bank of Bank, Bangan National Suprenty 1	Metienal Westm of Tokyo, Daute enels de Peris a			

July 4	Over night	7 days notice	Month	7hree Months	Six Months	Year
interbank	9 12	10% 10%	1019-10,3	979-10	8:18:1	8:1-8:5
Sterling CDs	_	_	10lg-10ls	91, 91	818 818	212 25e
Local Authority Depos	10 104	10 lg	10 la	91-B76	318	939
Local Author'y Bonds	-	_	1012	1012	10	04
Discount Mk1 Depos	912 1t	101: 10%	934	914	_	_
Company Depos	161z-11	1012 1076	10,1104	9,1	_	_
Finance Nouse Depos	_	_	1014	10	934	85;
Treasury Bills : Buy:	_	_	812	813	_	_
Bank Bills (Buy)		_	074	918	914	_
Fine Trade Bills Buyr	_	_	101	1D	974	978
Dollar COs	_	_	0.80 6.85	6.65 6.80	6,65 6,60	5,66,6
SDR Linked Depos	_	_	6.26%	6, 6,	516 618	61, 61a
ECU Ospos	-	_	736 712	7 2 74	714 750	711.736

Treasury Sills (sell): one-month 9112 per cent; three months 914 per cent. It Bills [sell]: ene-month 9112 per cent: three months 913 per cent. Treasury st. Average tender rate at discount 9,3040 per cent. ECGO Fixed Finance name IV reference date June 4 to July 1 (inclusive) 9,824 per cent. Local Authority and Finance Houses seven days' notice, others even days'. d. Finance Houses Base Rate 10 per cent from July 1 1986, Bank Deposit es for sum sets at seven days' notice 4,35-4,375 per cent. Certificates of Texpesti (Scrice 6): Deposit £100,000 and ever held under one month 10 per cent; concibred months 94 per cent. elix-nino nits 94 per cent; nine-12 months 95 per cent. Under £100,000 95 per cent plans 25, Deposit held under Series 5 94 per cent. Deposits withdrawn cash 59 per cent.

# **BULLDOGS**

Our market making service begins on July 31st.

Trading 01-621 1091 STX 5987/8 David Barker

Jim Harrison

#### Sales 01-623 8000 ext 41102/3/4 STX 3283

Keith Wooldridge Madeleine Norris Nicky Kay

#### Research 01-623 8000 ext 41133 STX 4503

Dr Richard Golding Stephen Scott Dr Gregory Bufton Dr Joseph Mariathasan

### Kleinwort Benson

The International Merchant Bank 20 Fenchurch Street, London EC3P 3DB.



# The third

Merchant Taylors' Hall, City of London 13 & 14 October 1986

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New Issue

June 30, 1986

# PEUGEOT

French Francs 1,000,000,000 8 per cent Bonds due 1996

Issue Price: 100 per cent

Banque Nationale de Paris

Lazard Frères et Cie Société Générale

Morgan Guaranty Ltd Swiss Bank Corporation International Limited

Algemene Bank Nederland N.V. **Barclays Merchant Bank Limited** Caisse des Dépôts et Consignations Commerzbank

Crédit Industriel et Commercial de Paris Crédit Suisse First Boston Limited

**EBC Amro Bank Limited** Goldman Sachs International Corp Istituto Bancario San Paolo di Torino Samuel Montagu & Co. Limited

Banca Commerciale Itoliana Banca Nazionale del Lavoro Banque Bruxelles Lambert S.A. Banque Internationale à Luxembourg S.A. Caisse Centrale des Banques Populaires Daiwa Europe Limited La Compagnie Financière

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